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Organización de las Naciones Unidas para la Agricultura y la Alimentación

CONFERENCE

Thirty-seventh Session
Rome, 25 June - 2 July 2011
Report of the CoC-IEE to the Conference on the Immediate Plan of Action for FAO Renewal

Executive Summary

- As called for by Conference Resolution 4/2009 on the Immediate Plan of Action for FAO Renewal (IPA), the Conference Committee for the Follow-up to the Independent External Evaluation of FAO (CoC-IEE) submits the present report to the 37th Session of the FAO Conference.

- The first part (introduction) places the report in context; the second part describes the positive quantitative progress achieved in implementing the IPA in 2010-11, and also cumulatively since 2009. In addition to offering an overview of the benefits realized, a range of actions related to cross-cutting dimensions of the IPA Programme are also covered, including risk management, culture change and communication.

- The third part analyzes, by theme, the main developments in the process of change in the Organization over the reporting period, covering the full scope of IPA implementation in the following substantive areas: (i) managing for results; (ii) functioning as one; (iii) human resources; (iv) enhanced administrative and management systems; and (v) effective governance and oversight. A summary of funding and expenditures for the IPA Programme in 2010-11 is also provided.

- Under *managing for results*, three major aspects are addressed: (i) prioritization of the technical work of the Organization, recognized as an ongoing exercise which was actively pursued with some progress achieved, although the priority-setting process has not yet been entirely established; (ii) resource mobilization, for which a strategy setting out how resources from FAO's partners are allocated to agreed priorities was under development; and (iii) enterprise risk management, an area in which planned work was expected to be completed as anticipated.

- Under *functioning as one*, the CoC-IEE discussed at length the "Vision for the structure and functioning of Decentralized Offices", in relation to IPA action 3.84. While commendable progress was achieved in advancing the decentralization agenda, more remained to be done to

improve the functioning of Decentralized Offices. Follow-up analysis was required to address the gaps, challenges, risks and issues related to decentralization on the short, medium and long-term.

- In respect of *Human Resources* (HR), which were given due prominence in the IPA, achievements are outlined in important areas, including the HR Strategic Framework, HR management information system support, competency framework, performance evaluation, staff development, recruitment, rotation, geographic and gender representation, and the Junior Professionals Programme.
- Regarding *enhanced administrative and management systems*, notable progress is reported in a number of areas, ranging from the significant procurement initiatives undertaken at Headquarters and in Decentralized Offices, the International Public Sector Accounting Standards project, and the upgrade of ICT infrastructure and information systems, to the revision of the FAO Manual and the records management modernization project.
- With regard to *effective governance and oversight*, key aspects on which progress is reported include: approval of the Charter for the Office of Evaluation; adoption of Rules of Procedure for the Committee on Constitutional and Legal Matters; endorsement of terms of reference for the Ethics Committee; formulation of Multi-Year Programmes of Work for Council and for the Programme and Finance Committees, with similar programmes yet to be developed by the other concerned Governing Bodies in 2011 and 2012.
- The fourth part of the report delineates the *way forward*, outlining future steps in the renewal process under the IPA Programme over the next biennium, including in terms of resource requirements. It also sets out the proposed governance follow-up arrangements for 2012-13, whereby the oversight functions on IPA implementation would henceforth normally be performed through the existing Governing Body structure, as reflected in a draft Conference Resolution provided in a separate document (C 2011/LIM/15).
- The report is complemented by three appendices providing respectively:
  (i) Resolution 4/2009 on the IPA;
  (ii) the organizational arrangements for the CoC-IEE in 2010-11; and
  (iii) a Management report presenting greater detail on key areas of IPA implementation in 2010-11, with a web appendix.

Suggested action by the Conference

- The Conference is requested to endorse the Report of the CoC-IEE on the Immediate Plan of Action for FAO Renewal, providing such guidance as it deems appropriate.

Queries on the substantive content of this document may be addressed to:

Mr Luc Guyau

Chairperson of the CoC-IEE

Report of the CoC-IEE to the Conference
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ACRONYMS

AUD	Office of the Inspector General
CCLM	Committee on Constitutional and Legal Matters
CCT	Culture Change Team
CoC-IEE	Conference Committee for the Follow-up to the Independent External Evaluation of FAO
CPF	Country Programming Framework
CPT	Common Procurement Team
DOs	Decentralized Offices
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FAORs	FAO representatives
GRO	General Rule of the Organization
HR	Human Resources
ICC	Independent Chairperson of the Council
ICT/IT	Information and Communication Technology/ Information Technology
IEE	Independent External Evaluation of FAO
IPA	Immediate Plan of Action (for FAO Renewal)
IPSAS	International Public Sector Accounting Standards
MDG	Millennium Development Goal
MTP	Medium Term Plan
MYPOW	Multi-year Programme of Work
NGO/CSO	Non-Governmental Organization/Civil Society Organization
OEWG	Open-ended Working Group on measures designed to increase the efficiency of Governing Bodies, including representation
OSP	Office of Strategy, Planning and Resources Management
PEMS	Performance Evaluation and Management System
PWB	Programme of Work and Budget
RA	Risk Assessment
RBM	Results-based Management
RMMS	Resource Mobilization and Management Strategy
RRs	Regional Representatives
TCP	Technical Cooperation Programme

CHAIRPERSON'S FOREWORD

1.   As with the reports submitted to the Conference in 2008 and 2009, it is my duty as Chairperson of the Committee to introduce this third document. It, too, constitutes a key component of the monitoring of FAO renewal. It relates the realities and dynamism of the reforms that have been undertaken under the authority of the Director-General, driven by the mobilization of all the services and the active participation of the Members.

2.   I should like to express my gratitude for the confidence that the Members have shown in my regard by appointing me to chair the works of the Committee. I take this opportunity to also thank the two Vice-Chairpersons and all the members of the Bureau, together with the Secretariat, for their unfailing support in all the Committee meetings that have taken place in almost two years.

3.   The soaring agricultural commodity prices of 2008 and the heavy uncertainties of 2011, the financial crisis, repeated natural disasters and the violence of successive political crises are just some of the main determinants, together with other structural factors, of growing food insecurity. This is a serious threat that affects the poorest members of society in particular, on a scale – one billion hungry – that we all consider unacceptable and that calls for action on our part.

4.   Action – that is indeed the challenge of the reform process: the Independent External Evaluation concluded in 2007 that "*if FAO did not exist, it would need to be invented*" and in 2008 the Members unanimously adopted the Immediate Plan of Action for FAO Renewal (IPA). This fundamental development seeks to equip the international community with a renewed institution that is capable of leading its fight against hunger and poverty, working closely with other bodies concerned, especially those based in Rome.

5.   As with the two previous reports and in accordance with the mandate received from the Conference under Resolution 4/2009 of 19 November 2009, the Committee presents the clear progress it has noted, indeed facilitated, in performing its function of oversight. In this connection, we need to underscore the excellent operational coordination that exists between the Committee and the Governing Bodies, in particular the Council.

6.   Notable examples of progress in implementation of the IPA include the enhancement of administrative and management systems, the transformation of the human resources function, the formulation of multi-year programmes of work for the Governing Bodies, improved performance in the preparation and conduct of their sessions, the new role of the Regional Conferences and continuity of the decentralization process. A detailed roadmap has been developed, permitting close monitoring of the pace of reform and confirming that most of the objectives are about to be met.

7.   These favourable developments now call for another change:
-       it is proposed that the Council take charge of the IPA in the future, with the assistance of the different Committees and the Regional Conferences;
-       in the field, the benefits of reform should be perceived more broadly, notably through a clearer definition of the Organization's priorities, to ensure the optimal use of the resources made available to it, and through effective and managed decentralization that complies the principle of functioning as one Organization.

8.   Reform is not an end in itself. Nearing completion and fully integrated by the Organization, it should provide the new Director-General, who will take up office in January 2012, with the assurance that he has comprehensively renewed structure that is in good working order and ready to take up the immense challenges that lie ahead. To that end, cohesion among the Members and permanent linkage with the action of the Secretariat, one of the keys of today's success, should be maintained and strengthened as central pillars of tomorrow's victories against hunger and poverty.

Luc Guyau
Chairperson of the Conference Committee for the Follow-up
to the Independent External Evaluation of FAO (CoC-IEE)

MESSAGE FROM THE DIRECTOR-GENERAL

1.   FAO renewal remains critical to helping Members meet the challenges of building in an economically, socially and sustainable way a food secure world. Implementation of the Immediate Plan of Action for FAO Renewal (IPA) has remained a top priority of both Members and Management. Our dedication continues to be reflected throughout the Organization by avoiding needless top-down approaches. It is leading to substantial progress on implementation of the IPA. The IEE report foresaw "*the mammoth nature of the undertaking and of the many pitfalls and obstacles that stand in the way*" and cautioned that "*most organizational change programmes fail*". Yet, at the mid-point in this ambitious five year programme of renewal, the Organization is moving forward decisively, providing for a solid foundation and setting in motion broad, deep and long-lasting change.

2.   A hallmark of the process that created the IPA was the excellent spirit of cooperation among Members and between Members and Management. This has continued, thanks to the dedication of the CoC-IEE Chairperson, Bureau and all Members, and has been mirrored in the complementary role of the main Governing Bodies of FAO. Members' oversight and engagement has ensured good stewardship of the resources allocated for the IPA, consensual decision-making and confidence in the process. Management, on its part, has spared no effort to provide supportive information to the CoC-IEE, with the open engagement of IPA Project Leaders in its deliberations.

3.   FAO renewal is introducing many long and complex change initiatives. Whilst it is natural to expect quick returns from individual IPA initiatives, we have not lost sight of the broader picture, given the complex interrelationships in the entire IPA programme. Crucial actions remain to be completed in the next biennium, including some which are the sole prerogative of Members, and the long-lasting benefits of the IPA will be based on a combination of successes in completing the major IPA projects.

4.   Far-reaching organizational change programmes are never devoid of significant risks, and Management is taking a responsible approach to identifying and managing these risks, in full consultation with Members. An external risk assessment commissioned by Management in 2010 led us to promptly introduce corrective actions for the major risks identified. I took steps in 2010 to strengthen internal governance of the IPA implementation process, through the establishment of an IPA Board of senior managers and also by establishing a Programme Management Unit to support the work of the Board. Attention has also been paid to the cross-cutting areas that can make the difference between simply "completing" the IPA and actually achieving sustainable benefits from institutional renewal. In this regard, Management has paid particular attention to fostering culture change and pursuing active communication drives, internally and externally. While more remains to be done, it is encouraging that the results of the first ever FAO employee survey, which I launched in January 2011, show significant improvements since the IEE report and indicate a majority of employees reporting that they are benefitting from the key IPA projects.

5.   Solid achievements have been reported in all key areas of FAO renewal, and the CoC-IEE report covers the full range of actions and progress accomplished in the IPA. Many IPA actions are interdependent.   In the work on "managing for results" for example, the results-based planning and reporting framework for delivering measurable services to members is supported by a performance appraisal system (PEMS) that links the work plans of individual staff members to the organization's objectives and means of achievement. The area of "functioning as one" provides another example, dovetailing multiple actions, which together contribute to a more holistic and responsive Organization. Regional Conferences are having a more active role in priority setting. Strategies for partnerships have been refined. Senior managers in decentralized offices have a more active engagement in corporate decision making. There is an improved telecommunications network to decentralized offices. They have improved information systems and greater delegations of administrative authority.

6.   Building on the accomplishments and achievements so far, the next biennium also brings with it a range of challenges to the successful completion and delivery of key benefits from the IPA. These include further prioritization of the technical work of the Organization and obtaining a unified direction from Members on decentralization. They have universally supported decentralization. Further inputs from management and consultations among members to optimize the offices network should lead to a lasting structure supported by all stakeholders.

7.   The 2012-13 biennium will be marked by a full internalization of the broad renewal programme, with a return to monitoring arrangements via the existing Governing Bodies, as recommended by the CoC-IEE. I trust that Conference will continue to fully support FAO renewal and agree to provide the necessary resources to complete the full implementation of the IPA within the agreed five year timeframe.

8.   I must express appreciation and admiration for the deep commitment and continued support of FAO's employees to a renewed organization. The extent of their sacrifice has not been quantified and may never be known. Most staff members have now been impacted by renewal, and despite the uncertainty and stress caused by such deep-rooted change, they remain enthusiastic. I have myself seen the benefits of renewal. I have noted streamlined decision making through delegations of authority and the establishment of the Executive Leadership Team. In my recent travels, I have witnessed first-hand more effective country offices, better trained and connected technologically. I have seen more strategic engagement with government institutions and development partners through improved knowledge sharing across FAO. Successful implementation of the IPA remains at the top of my agenda as I complete my term of office. It will be my successor's challenge to conclude the IPA and demonstrate the rightful role of a renewed FAO in defeating global hunger.

Jacques Diouf
Director-General

I. Introduction

1.   The predecessors of the current CoC-IEE, established respectively in 2007 and 2008, were given complex mandates by the Conference covering the wide range of issues involved in the FAO renewal, initially to develop the Immediate Plan of Action (IPA), and subsequently to complete the outstanding substantive work within the IPA and to oversee its first year of implementation. The previous Committees were assisted by three working groups which met frequently to deal with specific issues pertaining to their respective areas of focus. Hence the CoC-IEE reports to the 35th and 36th Sessions of the Conference in 2008 and 2009 were relatively lengthy and included extensive annexes. In the present biennium, as the CoC-IEE mandate is comparatively limited in scope, its 2011 report is somewhat shorter.

2.   The present mandate of the CoC-IEE was spelled out in Conference Resolution 4/2009, reproduced in Appendix 1, and the organizational arrangements adopted by the Committee are shown in Appendix 2. The primary role of the CoC-IEE in 2010-11 was to ensure continuity of oversight and guidance of the renewal process by providing overall monitoring and follow-up of IPA implementation, without prejudice to the statutory functions of the Council and its Committees. In this connection, the complementary role played in the area of governance reforms by the Open-ended Working Group on measures designed to increase the efficiency of Governing Bodies, including representation (OEWG) is underscored. Its report is also before the Conference and, where appropriate, related issues addressed by the OEWG are referenced in the present report.

3.   Besides this interface with the OEWG, the CoC-IEE was mindful of the need to take due account of Governing Body deliberations having a bearing on the renewal process, in particular the guidance provided by the Council, the Finance and Programme Committees and the Committee on Constitutional and Legal Matters on issues related to the implementation of the IPA. Close interactions with them have been maintained and facilitated through the Chairperson of the CoC-IEE, also in his capacity as Independent Chairperson of the Council (ICC). Likewise, the CoC-IEE has drawn on, and was able to inform the work of the Regional Conferences held in 2010 with regard to the implications of the IPA at the regional level. Having attended the five Regional Conferences, the ICC has played a key coordination role in this respect.

4.   In the course of the 2010-11 biennium, the Director-General and Management have continued to strongly support the work of the CoC-IEE. FAO staff have further displayed their steady commitment to the renewal of the Organization and become fully engaged in corporate culture change. A dedicated team has developed a framework for implementing culture change in the Organization, with an emphasis on improving performance.

5.   Additional measures were taken by the Director-General to strengthen internal oversight of IPA implementation, as a prompt response to the major gaps in management control over the reform process highlighted in the Risk Assessment review[1]. These measures included the establishment, in November 2010, of an IPA Programme Board, assisted by a robust IPA Programme Management Unit.

6.   In carrying out its monitoring function, the CoC-IEE reviewed key components of the IPA implementation, which are captured in substance in the present report. At the same time, a number of important underlying activities were considered in more depth by other Governing Bodies, and are also reflected accordingly. Hence, the following section provides an overview of IPA implementation, including the benefits realized and the management of risks, and also covers important cross-cutting dimensions such as culture change and communication. Section III aims at portraying, in a concise manner, the main developments in the process of change of the Organization over the reporting period, analyzed on a thematic basis. Finally, section IV outlines the way forward in terms of future steps in

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[1] CL 141/9, para 73.

the renewal process under the IPA Programme for 2012-13, including Governing Body follow-up arrangements. Greater detail on these various aspects can be found in Appendix 3, *Management report on IPA implementation in 2010-11*.

II.   Overall IPA implementation

A.   Quantitative progress

2010-11

7.   At its meetings in 2010-11, the CoC-IEE received progress reports covering qualitative and quantitative aspects of IPA implementation, addressing each action against planned timeframes. Quantitative progress achieved is shown in table 1, expressed with reference to the 2010-11 Programme, as at end 2010. In addition, a cumulative picture is provided since 2009.

Table 1 - Progress in implementation of IPA actions

Rating	2010-11 Programme (as at end 2010) Actions	
Completed	25	16%
Progress towards implementation is **on track**[2] within planned dates	102	66%
Progress towards implementation shows **minor delays**[3], but remedial action has been identified	15	10%
Successful implementation by the planned dates is in serious jeopardy, with **major delays**[4]	0	
Other	12	8%
Total 2010-11	**154**	**100%**

8.   The CoC-IEE noted that, of the 154 IPA actions comprising the 2010-11 Programme, 25 (16%) were completed in 2010. While this was a lower rate of completion compared to 2009, it represented progress as forecasted, considering that many IPA actions were large and complex, and would be completed later in 2011 or continue into 2012-13.

9.   102 (66%) actions were on track for delivery by the anticipated completion date. 15 (10%) actions were subject to minor delays, while no actions were subject to major delays. 12 (8%) actions were placed under the "other" category. This category was introduced to reflect actions which did not fall under a timeline for implementation for various reasons, i.e. comprising those of a "continuous" nature, three actions for which Members' consensus had not yet been reached, three actions have been scheduled as "beyond 2013" by Management, and two actions which were proposed for deletion, subject to Members' approval.

10.   Of the 102 actions on track for delivery, 74 were expected to be completed by end 2011, by which time 99 of the 154 actions of the 2010-11 Programme would have been completed.

Cumulative

11.   Figure 1 shows the integrated IPA programme of 272 actions (235 original IPA actions plus 37 resulting from the Root and Branch Review) and illustrates cumulative progress with IPA implementation since 2009 (as at end 2010, 143 actions out of 272 have been completed). Further 74 actions were expected to be completed by end 2011, thereby bringing to 217 the number of actions (out of 272) forecasted to be completed by end 2011.

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[2] *On track*: "Progress towards implementation of the IPA action is in accordance with the planned dates and impediments and risks are not expected to significantly affect progress".

[3] *Minor delays:* "Progress towards implementation of the IPA action by the planned dates is in jeopardy but action has been identified to overcome delays, impediments and risks".

[4] *Major delays:* "Successful implementation of the IPA action by the planned dates is in serious jeopardy due to impediments or risks that are expected to significantly alter implementation".

12.   The remaining 55 actions were planned for completion in the 2012-13 biennium, representing 20% in number of outstanding actions, although corresponding to 40% of the total workload in terms of outstanding effort, time and costs, as they are the largest and most complex IPA actions. However, as further elaborated in Section IV-A: *The IPA programme in 2012-13,* the outstanding actions correspond to 40% of the remaining effort to be undertaken by the Organization to bring the IPA programme to conclusion due to the magnitude and complexity of those 55 outstanding actions. Most of the work relates to the two Functional Objectives (X and Y) of FAO.

Figure 1 - Cumulative quantitative progress in IPA implementation
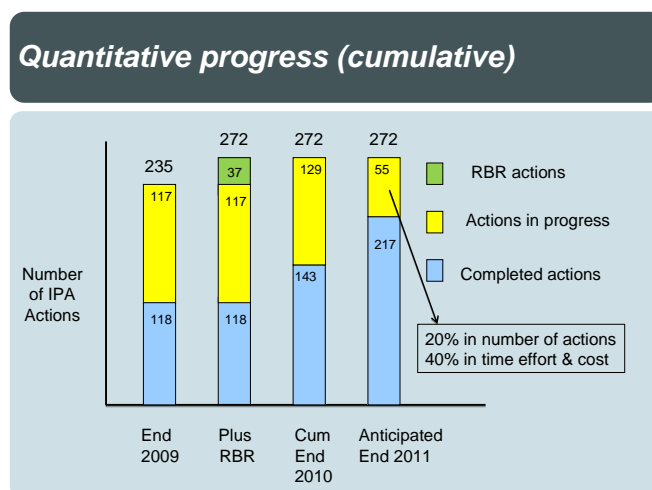
13.   These quantitative indicators of how many IPA actions had been completed or were on track provided only a partial picture of progress owing to the wide variation in size, scope and complexity of individual actions. A full picture could only be provided by considering the overall cycle of the reform programme, progress in the cross-cutting areas essential to success as a whole, and the achievements and benefits realized in the major areas of the reform programme.

B.   Cycle of the Reform Programme

14.   The CoC-IEE noted the presentation made by Management by reference to the "J-Curve", illustrating the impact of a major change programme on overall Organizational performance. Typically a short-term adverse impact was experienced in comparison with the expectations by stakeholders of immediate improvements in Organizational performance. Within the IPA established timeframe, the beginning of 2009 is the start date, and the end of 2013 is the end date, while the shaded rectangle – current period – indicates where FAO is on the "J-curve" as at end 2010 - mid 2011, as shown in figure 2.

15.   However, the FAO renewal process comprises a number of major initiatives, each of which having its own "J-curve", with different start and end points, and different level of risks and benefits. The lines shown in the figure embody a "composite" picture of J-curves for each major IPA action. Examples of these actions included:

-   the project to decentralise TCP, which had just emerged from the bottom dip of the disruption period and was beginning an upward slope;

-   the International Public Sector Accounting Standards (IPSAS) project, which had not yet reached the potential period of disruption as it would materialise only after end-2012 when the new system should be brought live;

- the Results-based Management (RBM) project, which would start delivering its full benefits only after successive biennia of full implementation – the time normally required for a complex results-based framework to be applied, monitored, assessed and reported on;

- the Common Procurement Team within the three Rome-based Agencies, which had no adverse impact and had already delivered some of its expected benefits in monetary terms;

- the action to increase telecommunication connectivity across the Organization, which had already allowed 56 Decentralised Offices (DOs) to have faster access to corporate applications and a wide range of new-generation applications, such as videoconferencing and use of knowledge sharing and collaboration tools.

Figure 2 - Effects and challenges on Organizational performance of major change programmes
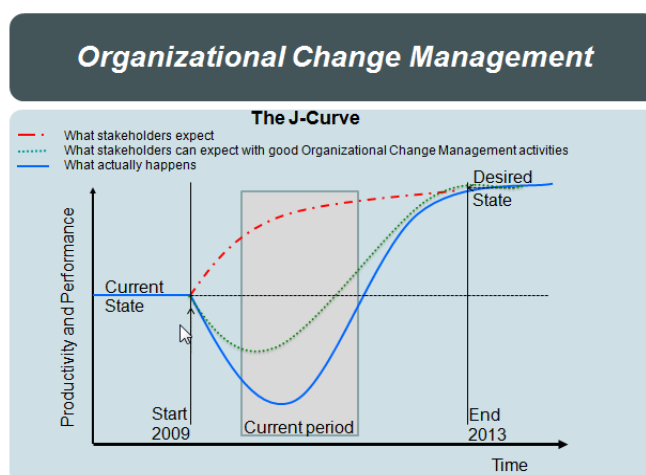
C.   Cross-cutting areas of IPA implementation

16.   Besides showing the mismatch between initial stakeholders expectations and reality, the "J-curve" indicated the key challenges faced by the Organization. In order to achieve the tangible benefits that the IPA Programme had set out to attain, it was deemed important to shorten the period of disruption to the maximum extent possible, and to limit the short-term adverse impact on performance. In this regard, it was underlined that Organizational change management processes should cover five cross-cutting areas of priority attention: effective risk management; targeted communication; strengthened training; facilitated culture change; and a focus on benefits realization.

1.   Effective risk management

17.   During 2010, a major Risk Assessment (RA) review was undertaken. This was commissioned by Management to identify the risks associated with this major change programme and to identify mitigating measures. The outcome of the review was reported to the CoC-IEE in October 2010 and February 2011, and has been included in the 2010 Annual Activity Report of the Office of the Inspector General (AUD) submitted to the 138th Session of the Finance Committee. The risk assessment had signalled "*major gaps in management control over the reform process",* for which the report of the Inspector General indicated that[5] "*Managers identified, in AUD's views, robust solutions to prevent these threats from materialising*", and concluded that "*Management has responded positively and quickly to the recommendations identified in this report*". The Finance Committee "*welcomed the management response in this regard*"[6].

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[5] FC 138/17, paras 55-57.

[6] CL 141/9, para 73.

18.   The RA rated risks in terms of projected impact, and the likelihood of the risk occurring. Risks were then coded with a colour scheme, involving red (higher risk), green (lower risk) and amber (in between) based on a combination of these factors. At programme level, the RA highlighted risks with internal governance of the IPA Programme. Immediate action was taken as a result. An IPA Programme Board (IPB) was established, comprising the two Deputy Directors-General and other senior managers, and chaired by the Deputy Director-General Operations. Meeting on a weekly basis to exercise general oversight, the IPB was able to prioritize the 2012-13 Programme with regard to the long-term sustainability of reforms, the quality of projects, financial discipline and alignment with the Organization's capacity to deliver.

19.   The CoC-IEE also took note of the additional measures introduced to improve governance effectiveness, which included assigning responsibility for programme management to a newly established Programme Management Unit (PMU), and for communications to the Office of Corporate Communications and External Relations. The impact of those measures on managing programme level risks is summarized in figure 3, showing a reduction in the number of risks and also a decrease in their criticality through a shift from higher (red) to lower (green) rated risks.

Figure 3 - Progress achieved on Programme level risks
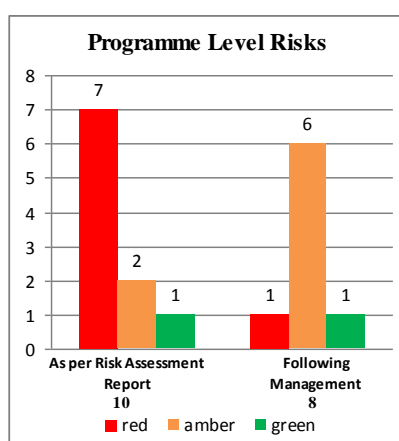
20.   The RA also highlighted risks at project level. Members noted that highest priority was given to addressing risks in those IPA projects upon which many other projects are dependent, as failures in these projects would have an adverse "knock-on" impact on many areas of the IPA Programme. Examples of such risks, and measures introduced to tackle them, are outlined in the following paragraphs.

21.   The RA indicated three main areas upon which many other projects are dependent, namely: (i) the Oracle release 12 (R12) implementation; (ii) the initiative to increase telecommunications connectivity capacity across the Organization; and (iii) the capacity of Decentralized Offices, particularly country offices, to take on a greater role without additional resources and support.

22.   The main risk of the Oracle R12 action was that Business Units might not provide adequate testing and user acceptance support to the project in a period of many other change activities. The development of a synergistic approach towards the Oracle R12 and IPSAS projects had mitigated that risk, given the enhanced scope of the new project and the efficiencies deriving from this approach, particularly in the areas of testing and user acceptance, which would also reduce the risks through a more coherent management and internal governance approach.

23.   The risks associated with increased telecommunications connectivity included ensuring adequate funding for the associated running costs, and efficient use of the FAO bandwidth. Funding requirements had been taken into account in the 2012-13 IPA Programme formulation and in the Programme of Work and Budget (PWB) preparation. Other risks were managed through measures

such as registration and certification procedures to increase knowledge of business applications that use the network, and the implementation of bandwidth control and management measures.

24.   As a number of IPA activities involved delegations from HQ to DOs of decisions and processes previously occurring at HQ, the decentralization process included risks of: insufficient capacity in DOs; moving away from effectively functioning as one towards a situation in which the five Regional Offices work independently of each other and HQ; technical officers in Regional and Subregional Offices becoming delinked from the global knowledge base of the Organization. These risks had been considered in formulating the *Vision on the Structure and Functioning of DOs network*, which recommended the delivery of "One FAO" services, and innovative use of extra-budgetary resources to link country office resources to project delivery.

25.   It was noted that the measures introduced had resulted in a reduction in the number of risks affecting IPA implementation, and also a decrease in their criticality through a shift from higher (red) to lower (green) rated risks, as shown in figure 4. This was an ongoing process whereby risk logs would continue to be monitored by Project Leaders, with major risks being escalated to the IPB for consideration.

Figure 4 - Progress achieved on Project level risks
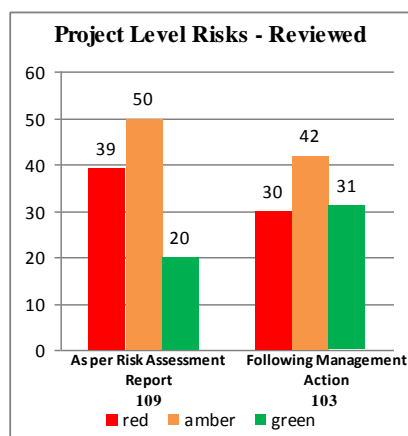
2.   **Targeted communication**

26.   It was acknowledged that targeted communication was critical to successful implementation of the IPA, and that FAO Members and employees as well as external audiences were all important in the reform communication effort.

27.   It was noted that motivating employees to live and work with change – thus supporting their Organization at a critical moment in its history – required regular and comprehensible information about how FAO was changing and what was required of them. The objective was to ensure that employees are aligned behind the Organization's mission, Global Goals, Strategic Framework, vision and values, and the IPA reforms. To this end, listening to employees views and inputs and modelling communications channels and content accordingly was a key feature of communication with them.

28.   As depicted in figure 5, the framework for employee communication included three main areas closely linked to Organizational culture change: (i) *Listening to you,* comprising activities designed to understand the changing knowledge, attitudes and readiness for change amongst employees; (ii) *Keeping you informed,* to reach employees with targeted communication; and (iii) *Working together,* to emphasize dialogue and joint problem-solving across the Organization to support lasting change.

Figure 5 - Communication and Engagement Framework
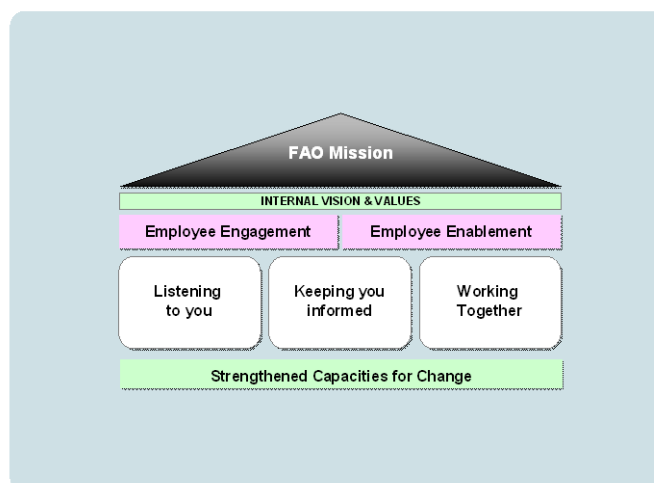
29.   A major activity under *Listening to you* was the development of the Organization's first all-employee survey on FAO renewal, which was launched by the Director-General on 18 January 2011 and closed on 28 February. The survey was open to all employees, irrespective of contract type or location, and made available in all FAO languages. It covered employees' knowledge of and attitudes towards FAO as a whole; working environment and relationships; understanding and support for the reform effort; and employee communication needs. A 77% response rate has been achieved, with more than 4,700 employees providing input, reflecting employees' genuine interest in FAO's renewal.

30.   The survey provided benchmarks for monitoring employee reactions and views on IPA changes in the coming years, and for improved staff communication. The results were analyzed by the external consultant engaged to run the survey, and feedback was provided to management in April 2011. As the survey 'sponsor', the Deputy Director-General Operations was responsible for reporting and following up on the survey results with Management, Employees and Members. An action phase following the survey enabled capitalization of the results and insights provided, as these represented meaningful guidance on the knowledge, attitudes and willingness for change on the part of employees, and the most effective communication channels. Future progress reports to Governing Bodies will provide the results of the employee survey and related follow-up measures.

31.   Activities undertaken under *Keeping you informed* included updating the FAO Renewal Intranet pages, with news articles and video interviews with IPA Project Leaders; coverage of renewal topics – e.g. performance and evaluation management system (PEMS), results-based management, decentralization, headquarters restructuring, culture change – in the online employee news magazine *FAO InTouch*; and the development of a format for live information sessions for staff on different renewal topics.

32.   Under *Working together*, an annual staff day event was launched in 2010, bringing together all employees to learn more about one another's work. Further activities included: peer review workshops as part of the results-based planning exercises; capacity building workshops to support employees and managers in adopting the new PEMS; facilitated workshops with IPA Project Leaders to articulate key messages and benefits of projects; and targeted communication and engagement activities to inform and engage employees concerning forthcoming changes resulting from the IPSAS project.

33.   Communication with Members continued in 2010 with regular newsletters providing updates on various IPA projects; posting of renewal-related documentation on the FAO Reform Internet pages and on the Permanent Representatives Website; and a number of informal briefings for Permanent Representatives to FAO.

3. Strengthened training and facilitated culture change

34. The CoC-IEE noted that, as mandated by the IPA, significant resources had been directed to activities related to staff development as fundamental to help managing change, which are described in section III.

35. Change Management Training was also an essential tool to provide managers with the skills to effectively manage the change process and facilitate culture change across the Organization.

36. Since the start of IPA implementation, FAO had embarked on a wide ranging process of Organizational culture change beginning with the establishment of a Culture Change Team (CCT) supported by an external facilitator. The CCT had raised awareness about culture change and carried out a series of employee engagement activities to encourage broad buy-in for change. This culminated in the launch of FAO's Internal Vision Statement in November 2009, and proposals for culture change in the areas of inclusive work environment, recognition and rewards, and career development. The participatory processes used to develop the Internal Vision Statement and culture change proposals had broken new ground within FAO, and the ripple effect was being felt across the Organization.

37. During 2010, activities continued along the same inclusive theme facilitated by a new CCT, and culture change elements featured prominently in many IPA related activities. This was evidenced through the increased use of participatory processes for work planning and decision making, larger numbers of facilitated events, greater levels of information and knowledge sharing, and renewed efforts to improve internal communications. Examples of this included the following:

- interactions between employees involved in preparing the biennial work-plans under the new results-based framework were supported by departmental/office workshops, meetings of strategy teams, and an intensive peer review process – a clear indicator of a shift in mentality towards greater inclusiveness, and shared sense of responsibility and accountability for results amongst managers and employees;

- a leadership workshop was called by the two Deputy Directors-General to identify strategic entry points for collaboration between the Technical Cooperation Department and the other technical departments. This was the first facilitated leadership workshop of its kind in FAO, in which Directors and Assistant Directors-General of technical departments took part – another initiative in the process of culture change towards greater collaboration and multidisciplinary work;

- locally driven change teams were established within both DOs and HQ. For example, a 'guiding team' had been established in the Economic and Social (ES) Department to focus not only on what staff did (Unit Results contributing to Organizational Results), but also how they would work together to achieve these results. ES had also customized its 'ES Mission, Vision and Values' statement to guide the contributions ES would make to FAO's wider goals;

- following the launch of FAO's Internal Vision Statement, new web streaming technology had changed the way HQ events were organized, with DOs being included in Organization wide events wherever possible.

38. The examples provided highlight the significant progress achieved in addressing the five specific recommendations of the Independent External Evaluation (IEE) of FAO on culture change[7]. This is more fully explained in the related sections within Appendix 3 to this report.

39. In addition to the above, starting in January 2011, a framework for implementing culture change at FAO was being developed, emphasizing the need for complete alignment with and between all IPA projects; the full engagement of FAO leadership as sponsors of change; and the development

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[7] C 2007/7A.1, paras 939-947.

of evidence-based indicators designed to measure progress towards the desired new Organizational culture at regular intervals.

40. From a governance perspective, Members appreciated that a more inclusive culture was also emerging through the integration of Regional Conferences into the Governing Body structure, with their recommendations starting to influence decision-making on corporate strategic directions. For instance, in 2010 the Regional Conferences provided inputs on prioritization of the technical work of the Organization, the vision on the structure and functioning of DOs, and the proposed global Shared Service Centre.

41. It was recognized that, through these new mechanisms, concrete shifts in FAO's culture were emerging. Members, Management and Employees had opportunities to contribute strategically, voice ideas, express opinions and influence change within their areas of responsibility, leading to more participatory decision-making processes at various levels, a more dynamic working environment, and a more effective Organization.

4. Focus on benefits realization

42. Noting that the success of the FAO renewal process cannot be measured only with the implementation of IPA actions, the CoC-IEE stressed the importance of identifying and achieving the key benefits the reforms would bring to FAO. This was actually carried out in 2010 based on an overarching statement of reform benefits indicating that FAO will:

- direct all actions towards clearly defined outcomes for a world free of hunger and contribute to improving living standards in a sustainable manner. It will achieve this through improved governance to ensure clarity of member needs and improved internal management practices to deliver against those needs;

- ensure that all its resources, at all geographic locations, work in synergy and in productive partnership with external partners, to achieve the greatest impact;

- have a balanced and motivated workforce working in an enabling environment with the necessary knowledge and experience to deliver better against its mandate;

- benefit from support services that are client-oriented and streamlined and be able to provide timely and trusted financial and other resource information, in the most cost efficient manner[8].

43. This overarching statement had been linked to all the thematic areas, each with its own set of reform benefits. These had also been linked to the major IPA actions under each thematic area to ensure that implementation would deliver the overall FAO reform benefits[9].

44. It was recognized that the full benefits of the reform would only be realized upon successful implementation of the large and complex projects that comprise the IPA Programme. While it was still too early to assess the benefits, tangible examples were starting to emerge as IPA implementation progressed. These are reported by thematic area, together with key achievements, in the following section.

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[8] CL 140/14, para 4.

[9] CL 140/14, paras 5-28 and Progress Report to CoC-IEE meeting of 20 October 2010, paras 32-46.

III.   Key focus areas in the process of change

45.   As called for in the "*way forward*" section of the 2009 CoC-IEE report to the Conference[10], during the current biennium the overarching objective of FAO reform has continued to be that of transforming the Organization into one that manages for results, supported by the key areas of functioning as one, optimised management of human resources, and enhanced efficiency in the delivery of administrative services, with a programme of Governing Body reform underpinning these activities.

46.   The IPA Programme was in effect organized under those thematic areas and the following subsections outline progress achieved in 2010 and early 2011 in each area. The funding situation and expected expenditures for the IPA Programme in the current biennium are also briefly presented. On all these aspects, greater detail is provided in Appendix 3, *Management report on IPA implementation in 2010-11*.

A.   Managing for results

47.   The target benefit in terms of Managing for Results is a clear and measurable impact of FAO's products and services on beneficiaries. In order to accomplish this benefit, FAO's work under all sources of funds must be systematically planned, implemented, measured and monitored using RBM principles, including a strategy to mobilize, allocate and manage resources from partners for agreed priorities. Whilst work is ongoing to fully implement the planning, prioritization and resource mobilization process, many benefits will materialize only after the results-based frameworks have been in place for the four-year period of the Medium Term Plan (MTP), allowing for monitoring and reporting on the agreed upon indicators of achievement.

1.   Prioritization of the technical work of the Organization

Background

48.   The IPA includes a series of actions on the priorities and programmes of the Organization. In line with these actions, the Conference in 2009 approved a set of changes to the Basic Texts, as well as a new results-based Strategic Framework 2010-19, MTP 2010-13 and PWB 2010-11, which are intended to help to focus and prioritize FAO's work under an integrated budget covering assessed as well as estimated voluntary contributions. Under the new arrangements the Regional Conferences, Technical Committees and Programme Committee advise the Council on priority areas of technical work for use in preparation of the programme and budget documents of the Organization.

49.   In 2009, the CoC-IEE reported that, although an initial attempt had been made in the MTP 2010-13 at expressing the substantive priorities of the Organization, it was recognized that prioritization was a long-term exercise dependant on adequate complementary guidance from the Technical Committees and Regional Conferences. Emphasis should be given to the prioritization of the technical work of the Organization, an ongoing exercise to be actively pursued throughout the first full cycle of results-based planning in 2010-11. The development of regional and subregional areas of priority action was foreseen for consideration by the Regional Conferences in 2010.[11] This view was echoed by the Conference.[12]

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[10] C 2009/7, para 72.

[11] C 2009/REP, Appendix D, paras 29 and 72 (first bullet).

[12] C 2009/REP, para 120.

Timeline and process

50.   Under the new arrangements, a timeline and process was established for preparation, approval and adjustment of the MTP 2010-13 (*Reviewed*) and PWB 2012-13 during the 2010-11 biennium. The timeline had five main phases with regard to prioritization:[13]

  (i)   advice on priorities provided by the Regional Conferences and Technical Committees to the Council via the Programme and Finance Committees from March to October 2010;

  (ii) guidance on priorities provided by the Programme and Finance Committees to Council and by the Council to the Secretariat during October and November 2010;

  (iii) preparation by the Secretariat of the MTP 2010-13 (*Reviewed*) and PWB 2012-13 from October 2010 to February 2011, reflecting guidance provided by Council on priorities, and translated into action at country, regional and global levels;

  (iv) Governing Body review of and decision on the MTP 2010-13 (*Reviewed*) and PWB 2012-13 during March-June 2011;

  (v)   any necessary adjustments to the PWB 2012-13 based on Conference decisions, prepared by the Secretariat during July-September 2011, with review by the Programme and Finance Committees and approval by Council in October-November 2011.

51.   Concerning the first phase, it was not possible to schedule some of the Regional Conference and Technical Committee meetings in 2010, in keeping with the approved cycle of Governing Body sessions under the reformed programming, budgeting and results-based monitoring system. Thus some inputs on priorities were provided very late in the process this biennium, causing the Programme Committee to hold an additional session in February 2011 under the second phase of the process, to consider the inputs from the Regional Conference for the Near East and the Committee on Fisheries.

52.   The Independent Chairperson of Council was requested by the Programme Committee to work with the Chairpersons of the Regional Conferences and the Technical Committees, as well as the Secretariat, to facilitate FAO's priority setting process and to prepare a suitable schedule of meetings for the next biennium, with a view to ensuring synergy among the Governing Bodies in priority setting.

Progress on prioritization

53.   Some progress was achieved on prioritization of technical work in 2010-11. Members noted that improving prioritization was a long term process and that the priority-setting cycle in 2010-11 (for the 2012-13 biennium) was one of transition. They also underlined the importance of learning from experience so that a systematic and synchronized approach to prioritization would be in place for the subsequent biennium. The focus of the Programme Committee on improving the prioritization process was stressed.

54.   The Programme Committee initially considered the prioritization of the technical work of the Organization at two sessions in 2010, as well as through informal meetings with Strategy Team Leaders. It made a series of recommendations and requests on process measures to ensure that the Regional Conferences and Technical Committees provide structured advice to the Programme and Finance Committees and Council on priorities for the 2012-13 biennium,[14] which were endorsed by Council.[15] In doing so, the Council acknowledged that the priority-setting cycle for the 2012-13 biennium would be one of transition, and agreed with the aim to have a systematic and synchronized approach to prioritization in place for the subsequent biennium.

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[13] PC 103/4, para 21.

[14] CL 139/4, paras 6-15.

[15] CL 139/REP, paras 21-23.

55. The Programme Committee and Council considered the advice of the Regional Conferences and Technical Committees on priorities at their sessions in October and November-December 2010, and February and April 2011. They agreed that the preparation of the PWB 2012-13 and the related prioritization process should start from the results frameworks in the MTP 2010-13. They also found that further improvements were required by the Secretariat to: identify areas of programmatic emphasis and de-emphasis within and between Strategic Objectives and Organizational Results; formulate Regional Results as a means to reflect country, subregional and regional priorities and their contributions to Organizational Results; strengthen the role of the Organization-wide Strategy Teams in preparing the PWB 2012-13, including presence during Programme Committee deliberations on priorities.[16]

56. At its special session in February 2011, the Programme Committee made additional recommendations to the Secretariat to further elaborate, in the MTP 2010-13 (*Reviewed*) / PWB 2012-13, areas of commonality emerging from the recommendations and guidance on priorities received from the Regional Conferences, Technical Committees and Council; improve the presentation and implications of proposed areas of emphasis and de-emphasis within and between Organizational Results; and more clearly show, through the regional results, the focus within Strategic Objectives related to guidance from the Regional Conferences. The interaction with the Strategy Teams was appreciated.[17]

57. In considering priorities in the MTP 2010-13 (*Reviewed*) / PWB 2012-13 as prepared by the Secretariat, the Programme Committee and Council:

   a) found that it was a good document which generally aimed at reflecting the recommendations from the various governing bodies and lessons learnt, although some further improvements and clarifications were needed;

   b) recognized that progress had been made in the results-based approach, although it was noted that the full implementation of results-based budgeting would take place in the next budget cycle for 2014-15, and thus its application in the PWB 2012-13 was still "work-in-progress";

   c) appreciated the resource comparability aspect, which was not available in previous PWBs;

   d) noted that the approach to estimating extrabudgetary resources was not consistently applied among the Strategic Objectives;

   e) welcomed the discussion on areas of emphasis and de-emphasis in the document, but noted that the rationale was not always clear and more information was required;

   f) noted that cross-cutting issues were not treated equally under all Strategic Objectives: while climate change and small farmers were addressed in most Strategic Objectives, other issues such as nutrition, gender and capacity development, appeared far less frequently;

   g) requested the Secretariat to provide further information to explain the proposed resource shifts between and within all Strategic and Functional Objectives, including a table indicating the reference for decision (for example, inputs from Regional Conferences, Technical Committees, Council, and Strategy Teams), as well as implications for net appropriations and extrabudgetary resources; and to elaborate on the areas of emphasis and de-emphasis in all Strategic Objectives and Functional Objective X;

   h) reiterated the importance of the process of setting priorities, and requested that further improvements be implemented in the next planning cycle, and included in future versions of the PWB;

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[16] CL 140/8, paras 5-12; CL 140/REP, para 11.

[17] CL 141/4, paras 4-10.

i) found that the information related to Functional Objective X was unclear in comparison with Strategic Objectives and looked forward to receiving additional details on the funding and areas of emphasis and de-emphasis for this Functional Objective using the same format as for the Strategic Objectives.

Future steps

58. The CoC-IEE observed that while some progress had been made, the prioritization process was not yet well established. It reiterated that a systematic and synchronized approach to prioritization should be put in place for preparing the MTP 2014-17 starting in late 2011, learning from the experience of planning for the 2012-13 biennium. In establishing a coherent set of priorities for future biennia, the CoC-IEE recalled the Programme Committee and Council recommendations that the Secretariat should[18]:

a. identify emerging issues to inform the review and refinement of the MTP for the 2014-17 period;

b. address across the strategic objectives the coordination of cross-cutting issues to help drive priority setting;

c. clarify the roles and collaboration of headquarters and decentralized offices in planning and implementing the technical Programme of Work and Budget in the context of the vision on decentralization;

d. highlight the comparative advantage of FAO compared to other organizations.

59. The CoC-IEE stressed the need to improve the quality and timeliness of documentation submitted to future sessions of the Regional Conferences and Technical Committees, including a description of areas of emphasis and de-emphasis of the technical work of the Organization at global and regional level, the budgetary implications of programmatic changes and the reasons for these changes, so as to link recommendations with the Strategic Objectives or core functions of the Organization and to facilitate receiving more structured guidance on priorities in future planning cycles. Furthermore, to facilitate FAO's priority-setting process, the Independent Chairperson of the Council should ensure that future sessions of the Regional Conferences and Technical Committees are scheduled within the new cycle of Governing Body input to the PWB, as approved by Conference.[19]

2. Resource Mobilization

60. In 2009, the CoC-IEE had noted that the integrated budget provided a more holistic view of resources at the disposal of the Organization, which was intended to improve governance, oversight and application to the agreed results frameworks, while also highlighting the important role of voluntary contributions. Although the uncertainty and earmarking of voluntary contributions could affect the achievement of planned results under the unified work programme, it was noted that the mobilization and provision of voluntary contributions needed to be fully aligned with the Strategic Objectives.[20]

61. The CoC-IEE reported that a resource mobilization and management strategy (RMMS), comprising Impact Focus Areas, Country Programming Frameworks, and regional and subregional areas of priority action, would be implemented during the 2010-11 biennium with a view to ensuring that voluntary contributions focus on the agreed results frameworks and improve Governing Body monitoring and oversight.[21]

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[18] CL 140/REP, para. 11-f; CL 141/4, para. 11.

[19] CL 139/REP, para. 23.

[20] C 2009/REP, Appendix D, para. 25.

[21] C 2009/REP, Appendix D, para 72 (first bullet).

62.   The RMMS was under development with units and Strategy Teams across the Organization, in consultation with the Joint Meeting of the Programme and Finance Committees. The RMMS sets out how FAO aims to mobilize resources from its partners, how it allocates these resources to agreed priorities, and how it manages and reports on their use. Its focus was on forging resource partnerships built on trust and mutual accountability, in order to achieve Members' Goals. The strategy's goal was to achieve higher and more predictable voluntary contributions that fully support the achievement of FAO's Organizational Results, with four main outcomes:

a) a consolidated, diversified and expanded base of FAO resource partnerships, with a focus on increasing the share of pooled and softly earmarked funding;
b) wide awareness of and support for FAO's priority areas of work and related resource requirements, through a vibrant communications campaign;
c) a new Organization-wide culture and capacity for resource mobilization;
d) resource planning and use effectively managed and reported to Governing Bodies.

63.   The Joint Meeting of the Programme and Finance Committees on 23 March 2011 welcomed the outline of the RMMS. It expressed appreciation for the corporate nature of the Strategy, the emphasis on partnership and the realistic approach to targeting resources, and the approach to communications through Impact Focus Areas as one resource mobilization tool. It noted that the Strategy was firmly linked to the results-based frameworks and core functions in the Medium Term Plan, with focus given to meeting priorities at country level through the Country Programming Framework. The Joint Meeting requested the Secretariat to publish on FAO's website information regarding voluntary contributions. The views of the Joint Meeting were endorsed by Council in April 2011, and the Joint Meeting should consider the final full version of the Strategy in October 2011..

3.   Enterprise Risk Management

64.   In 2009, the CoC-IEE reported that a pilot enterprise risk management project would be completed, assessing FAO's current risk management structure/framework, identifying gaps and informing the development of an Organization-wide Enterprise Risk Management Framework (ERMF), which would contain the necessary elements to improve the Organization's risk management capabilities.

65.   In October 2010 the Finance Committee considered the proposed ERM framework and roadmap for its implementation.[22] It commended the direction that the Secretariat was taking to embed ERM in RBM.[23] In the CoC-IEE, Members took note of ERM initiatives in 2010 and the institutionalization of the ERM project within the Organization in 2011. A second progress report was presented to the Finance Committee in March 2011, which was satisfied that the ERM framework would cover all risks to the achievement of FAO's objectives, and looked forward to receiving: (i) a report on the implementation of institutional ERM in FAO; and (ii) the proposed format for reporting to the Governing Bodies.[24]

66.   The ERM framework should allow the proactive identification, prioritization, management and monitoring of the full range of risks to the Organization, whether strategic, financial, operational or reputational. The design of FAO's ERM framework was underpinned by five principles: use of proven, but simple, ERM concepts and processes; focus of effort on areas that would add greatest value; minimization of any avoidable burden on business areas; integration into existing RBM processes, in particular strategic planning (Organizational Result formulation), operational work planning, project formulation, and monitoring and reporting; and phased approach to covering all material areas of the Organization's work.

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[22] FC 135/15.

[23] CL 140/21, para 26.

[24] FC 138/12; CL 141/9, paras 53 and 54.

67.   The ERM framework was in effect being implemented through a phased approach, using pilots, to embed ERM in five areas of management: (i) the results-based framework of the MTP/PWB (Organizational Results); (ii) operational work planning (Unit Results); (iii) managing field projects; (iv) business improvement projects; and (v) a "fast problem response" functionality to facilitate the solution of urgent business problems. The ERM business plan was approved by the IPA Programme Board in January 2011 and the relevant IPA project was due to be completed by the end of 2011.

68.   Under the chairmanship of the Deputy Director-General Operations, a Corporate Risk Committee had been established, with specific responsibilities to: oversee the development of ERM policy; ensure that the range of risks facing FAO is kept within acceptable limits; and monitor the overall health and effectiveness of FAO's risk processes, taking action where required.

69.   The ERM project was expected to reach six milestones during 2011: (i) complete the generic ERM risk assessment process and begin to build risk assessment capacity across the Organization; (ii) identify enhancements required in the results-based frameworks, if any, to support the introduction of ERM; (iii) pilot the ERM element at Organizational Results level (for one Strategic Objective and one Functional Objective), then implement in others; (iv) pilot and establish the ERM element for operational work planning; (v) pilot ERM for selected field projects/programmes (one country programme, one emergency project) and one business improvement project, then implement in others; (vi) pilot the "fast problem response" service, and then implement across the Organization.

B.   Functioning as One Organization

70.   In this area, four main topics were addressed by the CoC-IEE over the course of the biennium: (i) the vision for the structure and functioning of the Decentralized Offices network; (ii) the HQ structure, including the review of the Office of the Director-General; (iii) partnerships; and (iv) delegation of authority to Decentralized Offices.

1.   Vision for the structure and functioning of Decentralized Offices

71.   Progress regarding IPA actions on decentralization was discussed at various meetings, including at the five Regional Conferences, the CoC-IEE, and the Programme and Finance Committees. Members have consistently recognized that decentralization was a key dimension, critically impacting on how the Organization served its Members. Commendable progress has been achieved in completing many of the above IPA actions, as well as other IPA actions related to the functioning of decentralized offices (DOs), e.g. the TCP and increased delegations of authority. This new context is fundamentally changing the way the Organization has been operating, although reaping the full benefits of the reforms implemented so far would require time.

72.   IPA 3.84 on coverage of the country office network attracted much attention. During 2009, the Secretariat provided an analysis of the application of the various criteria specified under that action, on which Members could not reach a consensus. The CoC-IEE requested, and the 2009 Conference agreed, that a medium to long-term vision related to the structure and functioning of the DOs network be developed for review by the Governing Bodies, taking into account the views of the 2010 Regional Conferences. Accordingly, the Regional Conferences reviewed and commented on a document entitled: "Towards a New Vision for the Decentralized Offices Network". Based on this continuing dialogue, Management offered a vision in relation to the DOs as follows:

> *FAO, functioning as one, with DOs an integral part of the Organization, is a world-wide provider of high quality policy advice, information, support for capacity development and technical services on food and agriculture.*

73.   The strategy proposed to achieve this is through:

A strong and responsive country-office-centered network that provides timely and effective support to Members by drawing on the technical expertise in subregional, regional and headquarters (HQ) units, as well as from partners and Members themselves.

74.   The document clarified that implementation of this vision and strategy would require action in four major areas: structure, staffing, operations and funding.

Structure

75.   FAO has a multi-tiered structure to serve Members and the international community at large, including HQ, Regional, Subregional and Country Offices, while also implementing specific programmes and projects in many locations at field level. However, there are significant differences among regions. For example, Africa benefits from the most comprehensive formula – Regional Office, four Subregional Offices and 41 Country Offices. In contrast, the Asia and Pacific region has only one Subregional Office, while Europe does not have fully-fledged Country Offices. Decisions on structure remain the prerogative of Members, while ensuring that all parts – HQ and DOs – function as one, and that assistance to Members can draw on the full range of technical expertise available in FAO and its Partners.

76.   Aspects requiring further review by Management included fine tuning of FAO's Country Offices network with measures such as: cost-sharing agreements, in particular by middle-income countries; project-type, time-bound representational agreements; greater use of UN system country offices; and enhanced use of multiple accreditations, with concurrent strengthening of national staff, as necessary, in the relevant Country Offices. The practice of covering some countries by outposting/ seconding technical officers from Regional or Subregional Offices (or Multidisciplinary Teams), or placing FAO Representatives (FAORs) against posts in Regional Offices (ROs) also merited review.

77.   Options that could be considered, especially at future Regional Conferences, included:

-   a structure of DOs that is suited to the specific needs of each region: e.g. exploring a structure with less layers between the country level – where the bulk of operational work is performed – and the main repository of global technical excellence in HQ divisions;
-   further strengthening of the Subregional Offices/Multidisciplinary Teams (MDTs), which could be achieved by focusing the ROs work more strictly on regional policy and strategic issues.

Staffing

78.   In order for the Organization to fulfill its mandate, it is essential that the DOs be staffed with experienced experts who are able to draw upon the full range of technical skills available in FAO itself, as well as in its Members and Partners. Important actions to ensure the highest quality of staff, such as improved training, mobility and rotation policies, were being introduced. A review of the competency framework for the Organization, including for heads of DOs, was being carried out, which would pave the way for improved competency-based recruitment and staff management. However, further options could be explored, including:

-   greater flexibility in Regional and Subregional Offices with regard to overall staffing levels, as well as skill mix. These should be consistent with the priority setting process at country, subregional and regional levels. Options could include the introduction of "core" and "non-core" staff categories for the MDTs. Such practices, particularly the "assignment for limited durations" for non-core staff, had been introduced in some other UN system organizations;
-   innovative ways to strengthen human resources in DOs, such as through national experts, young professionals, volunteers and South-South Cooperation experts. The Organization had also entered in agreements with Universities and Research Centers, and this modality had the potential of being further expanded.

Operations

79.   Unity of purpose and practice across the entire Organization should be well served by the existence of an overall Strategic Framework and MTP which set out the goals and objectives to which all parts of FAO need to contribute. RBM principles and PEMS, extended to all parts of the Organization, should also play a key role. Other critical ongoing initiatives included changes in planning and priority setting, widespread knowledge management and capacity development efforts, and improvements in ICT and information systems leading to fast and comprehensive interactions between DOs and HQ.

80.   Some other areas to be further reviewed by Management included:

- better coordination, building on such enhancements as the monthly Operational Arm Meeting, chaired by the Deputy Director-General Operations;
- ensuring that priority setting at regional and subregional level takes full account of country plans;
- further improvements in ICT support and facilities in DOs;
- close integration of emergency and development programmes at country level: e.g. in the short-term, greater synergy between the teams implementing emergency operations and FAO Representations. Over the medium to longer term, the issue of leadership of all programmes in the country would need to be considered, while respecting due flexibility.

Funding

81.   The greater decision-making, implementation and operational responsibilities given to the DOs resulted in overstretched resources. The risk that funds might be diverted from technical support to administration, management and oversight was particularly high in ROs which had taken over a substantial number of operational responsibilities and support services from HQ. In addition, at country level the preparation and launching of the Country Programming Frameworks (CPFs), particularly in the context of more joined-up UN system efforts, would need adequate backup of resources.

82.   Options that Members and Management would need to jointly consider were:

- further integration of regular budget and extra-budgetary resources at DOs level which would allow for a better alignment of size, structure and staff composition with programme requirements;
- increased resources from extra-budgetary projects accruing to DOs, through improved project budgeting and financial arrangements to recover fully costs incurred at country level;
- mobilization of local resources by DOs in general, and country offices in particular, from donors, regional and subregional organizations, and the private sector.

83.   The "vision document", which took into account inputs from Regional Conferences, was considered by the CoC-IEE at its February and March 2011 meetings, as well as by the Joint Meeting of the Programme and Finance Committees of 23 March. The latter meeting:

a)   re-affirmed the importance of decentralization for the work of the Organization and the critical need for headquarters and decentralized offices to function as one in the most effective and efficient manner;

b)   underlined the need for rationalization of all layers of operations, including staffing, when necessary, according to the IPA;

c)   underlined the ongoing need for actions to enhance expertise and performance in decentralized offices in line with their priorities and needs;

d) stressed the need for appropriate and adequate resources which will enable decentralized offices to exercise the delegation of authority given to them through the IPA and encouraged careful and continued monitoring of the decentralized network;

e) noted the progress made on benchmarking and welcomed the consultations with other UN organizations;

f) welcomed the steps that were being taken for greater professionalism in the recruitment of heads of decentralized offices; stressed the urgent need to adopt and implement the rotation and mobility policy, competency profiles, and recruitment procedures, as foreseen in the IPA; and

g) emphasised the importance of the revised Circular on Responsibilities and Relationships between headquarters and decentralized offices, which was under preparation (N.B. since then issued by management)[25].

Next steps

84.   The CoC-IEE requested Management to provide a document on short, medium and long-term actions to address the gaps, challenges, risks and issues related to decentralization. This document should take account of the above Governing Body discussions, as well as the relevant evaluations and management responses reviewed by the Programme and Finance Committees, particularly those related to Capacity Development, Evaluation of the Regional Office of the Near East, Country Programming and Emergency Operations. Proposed short-term actions could be discussed by the Programme and Finance Committees in October 2011, as well as the Regional Conferences in 2012, with final endorsement by the Council in 2012. This course of action was noted by Council in April 2011.

85.   Moreover, the Regional Conferences to be held in 2012 should review FAO's country coverage in their region, with a view to enhancing effectiveness and efficiency, and make recommendations to the 2012 sessions of Council on the most suitable structure and skills mix of the DOs network in their region. For this purpose, a supportive document will be provided to each of the five Regional Conferences by Management.

2.   Headquarters structure

86.   The current structure at HQ, as reflected in the PWB 2010-11, has been in place since January 2010. Thus only one outstanding matter was addressed by the CoC-IEE in this area, namely the recommendations made by the consulting firm Ernst & Young (EY) as a result of its review of the Office of the Director-General (ODG).

87.   The CoC-IEE noted that many of the recommendations made had already been implemented. The proposed Executive Leadership Team (ELT) was created in January 2010 and has met 27 times during that year.

88.   Management had agreed that, by limiting the number of advisory committees, individual accountability for decision-making could be enhanced and processes could be streamlined. The review recommendations had therefore been implemented: six internal committees had been abolished and seven more had been restructured. The Human Resources Committee had been introduced, and the diminution of internal IT committees was at an advanced stage of implementation. The reduction of the involvement of Cabinet in administrative activities was also supported, as it would allow more time and resources to be devoted to strategic issues.

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[25] CL 141/10, para. 9.

3.   Partnerships

89.   The CoC-IEE took note of the good progress made in fostering partnerships related to various IPA actions. In January 2011 an interim Organization-wide Strategy on Partnerships was approved by Management, subject to review after one year of implementation. This was complemented by the development of sector-specific strategies on partnerships: (i) enhancing FAO's collaboration within the UN system; (ii) furthering FAO's collaboration with the other Rome-based Agencies; (iii) with non-governmental and civil society organizations; and (iv) with the private sector – the latter updating the previous strategy.

90.   This conceptual effort was accompanied with an awareness drive through: (i) information material on the guiding principles set out in the Organization-wide Strategy on Partnerships; and (ii) the launch of a partnerships website targeted at both staff and external audiences. Staff development initiatives (workshops, e-learning courses, etc.) to facilitate internalization of the strategies into work programmes are being piloted during 2011.

91.   In respect of broad interactions with the UN system, the provisions of the Outcome Document of the MDG Summit relevant to food security, agriculture and rural development, are being reflected into FAO's work planning for the next biennium 2012-13. Between 2007 and 2010, the Organization saw an increase of about 67% in resources mobilized from One UN Funds or Joint Programmes at global and country level, for both development and emergency operations, making it the fourth largest beneficiary of system-wide funds. This involvement includes the eight Delivering as One pilot countries, as well as other countries that are voluntarily implementing One UN Programmes.

92.   As regards the Rome-based Agencies, cooperation has been strengthened through mainstreaming of pilot action plans and in administrative areas (see the joint procurement initiative below). An important new development is the Global Food Security Cluster co-led by FAO and WFP, aiming at improving food security responses in humanitarian situations – FAO and WFP are already co-leading food security clusters in 17 countries.

93.   Concerning civil society organizations, interactions increased both in terms of the variety of partners and overall numbers. This is particularly relevant for regional participation and in the CFS sessions and inter-sessional activities. NGO/CSO participation in Regional Conferences rose from 62 organizations and 98 participants in 2008, to 103 organizations and 150 participants in 2010. The reform process of the CFS gave impetus to participation of non-state actors, by way of continuous consultations and contributions. This was supported by extra-budgetary funds mobilized by FAO. The ongoing stock-taking exercise of civil society collaboration is being extended to the Regional Offices.

94.   In relation to cooperation with the private sector, institutional arrangements have been consolidated, including tools for due diligence, risk management and monitoring and evaluation. The Partnerships Committee chaired by the Director-General replaced the previous Private Sector Partnership Advisory Committee. In January 2011, a *modus operandi* was approved for the Sub-Committee to review financial and other agreements, to support the main Partnerships Committee. The Joint Meeting of the Programme and Finance Committees of March 2011 recognized that the provisional outline of the Strategy on Partnerships with the Private Sector was a positive step, and looked forward to reviewing the final version at its next session, which was endorsed by Council in April 2011. In quantitative terms, in the recent past FAO has been engaged in some 60 partnerships covering normative work, research and knowledge production and dissemination, advocacy and fundraising, and policy dialogue. Technical divisions are being encouraged and supported in enhancing outreach to the private sector.

Common Procurement Team

95.   Close cooperation among the Rome-based Agencies was pursued in the area of procurement. In 2010, as part of a pilot project, the Common Procurement Team (CPT) issued 18 tenders with an

aggregate value of USD 23 million for the Organizations. 16 out of these 18 tenders were issued through an electronic system (In-Tend) which was adopted by each Agency to harmonize "e-tendering" tools. For the 13 contracts awarded by FAO, there was a potential saving of USD 900,000. By joining forces, FAO, WFP and IFAD benefited from favorable pricing due to aggregated volumes. Staff assigned by each Agency to this initiative worked together on FAO premises for regular periods each week to share best practices and achieve efficiency in the tender process.

96.   Following the decision to renew the mandate of CPT in 2011, FAO agreed to continue to provide office space and infrastructure support. An assessment of the pilot initiative would include a client survey and a precise quantification of benefits. The pilot project was considered a valuable step towards broader integration, leading to joint work in other areas such as travel. The CPT would also prepare a forward-looking strategy and a work plan covering: harmonization of contractual documents and procedures; alignment of contract expiry dates; and development of key performance indicators with target levels.

Joint emergency relief operations and Joint Task Force on Haiti

97.   Vigorous joint actions connected to emergencies had been undertaken, particularly in the aftermath of the devastating earthquake that hit Haiti in January 2010. An estimated two million people urgently required food assistance and some 600 000 had left the capital for rural areas. The impact of the disaster required immediate actions to be linked to medium- and long-term recovery plans. The Rome-based Agencies established a taskforce to support a Haitian-led food security programme. They worked closely together to support labour intensive interventions in watershed management, provide operational support to the Haiti Reconstruction Action Plan, and pursue advocacy for food security priorities. The programme also included longer term risk reduction and management as well as enhanced national policies and institutions.

98.   Other joint emergency relief operations included, in December 2010, endorsement by the UN Inter-Agency Standing Committee of FAO and WFP as co-leaders of the Emergency Food Security Cluster to enhance country-level capacity to plan and implement proportionate and timely food security responses in humanitarian crisis situations. Strengthened food security clusters at country level help ensure that food assistance and agricultural livelihood-based programmes are linked as part of a coordinated response. FAO and WFP were already co-leading food security clusters in 17 countries, working together on joint consolidated appeals. FAO also had an active role in many of the "Purchase for Progress" (P4P) countries to allow for WFP leverage in new ways to develop agricultural markets, support smallholder engagement and create market outlets. More generally, partnership was a key feature of the work of more than 40 FAO emergency coordination units (e.g. in Iraq, Lebanon, West Bank and Gaza Strip, etc.).

4.   Delegation of authority to Decentralized Offices

99.   The CoC-IEE was advised of the progress made with regard to delegations of authority in relation to several IPA actions as illustrated below. The delegations linked to procurement are addressed together with other procurement related initiatives under sub-section E.

Technical Cooperation Programme (TCP)

100.   As foreseen in the IPA, decentralization of the TCP approval process was fully implemented as of January 2010. As a result, DOs had responsibility, authority and accountability for the entire TCP project cycle, from identification of project ideas, through formulation and approval, to implementation. FAORs were responsible for national projects, Subregional Coordinators for subregional projects, and Regional Representatives (RRs) for regional projects. RRs had the added responsibility for regional TCP allocations. In view of such additional workload, staff and non-staff resources had been allocated to Regional and some Subregional Offices.

101.   E-learning courses and face-to-face training were organized for staff in the DOs on the TCP criteria and the details of the new decentralized formulation and approval process at the end of 2009. Additional guidance has been provided through the issuance of a TCP Manual and other tools. The two main benefits expected from decentralization were: close interaction between counterparts and project formulators, leading to a better alignment with national priorities; and a reduction in the time lag between submissions of requests and approval of projects. While the time lag had been reduced from an average of 6 months to slightly less than 4 months, it was still early to evaluate the impact in terms of better alignment with national priorities.

102.   In April 2011 the Council endorsed the recommendation made by the Joint Meeting of the Programme and Finance Committees to earmark 0.4% of the TCP appropriation to facilitate reporting on results, and underlined the need for TCP projects to be strategic and more gender-balanced.

Transfer of OSD responsibilities

103.   The decentralization process entailed transfer of responsibilities related to the management of Country Offices to ROs and full responsibility of the latter for the preparation of Regional Conferences. This transfer from the Office of Support to Decentralization (OSD, ex-OCD) took place during the first quarter of 2010. While ROs were still in the process of filling all the positions involved in managing the DOs network, good progress had been made and benefits were becoming apparent. ROs were made responsible for the planning and allocation of financial resources to Country Offices and for budget monitoring. This enabled ROs to have a better view at regional level of the various layers and improve the coherence of the DO network. The overall monitoring function of ROs was reinforced by the fact that they are also focal points for audit reports at country level. Being closer to Country Offices (normally in the same time zone), ROs could provide timely support to FAORs on day-to-day office management matters.

104.   The organization of training activities, primarily at the regional level, made it possible to focus more effectively on regional issues. Training opportunities also facilitated sharing and discussing common concerns within the region. In addition, being responsible for supervision and performance assessment of FAORs, RRs had more direct contact with them to ensure that they were operating in line with corporate objectives. RRs were also made responsible for the appointment of National Professional Officers, thereby contributing to more timely recruitment in Country Offices.

C.   Human resources

105.   In view of the high importance accorded to Human Resources (HR) in the IPA, the CoC-IEE gave special attention to reviewing progress in this area, notably with respect to the transformation of the HR function into an effective strategic partner and the reinforcement of the Organization's HR capabilities. Initiatives in this respect included: the HR strategic framework; staff development; recruitment; the corporate competency framework; performance evaluation (PEMS); HR management information system support; and HR policies and new functions in support of HR reform.

1.   HR Strategic Framework

106.   For the first time, the Organization established a strategy that would govern and align HR capabilities to corporate strategic objectives. To this end, a comprehensive HR Strategic Framework and Action Plan was developed at the beginning of 2010, setting out the vision, strategic direction and goals for HR reforms, in line with the IPA related actions. The Strategic Framework and Action Plan embodies more firmly the transformation of the HR management function at FAO to a more strategic business partner function. It not only defines the delivery of the many HR initiatives in a results-based approach, but also delineates the expected impact of their implementation.

2.   Staff development

107.   As human resources constitute FAO's primary asset, developing staff skills and competencies is key to ensuring that the Organization possesses the required HR capability to deliver its programmes and achieve strategic objectives. As an initial measure, significant steps were taken to enhance the skills and capabilities of FAO's management cadre. The Management and Leadership Programme (MLP) was expanded to establish a comprehensive learning path and offer professional development opportunities for managers and staff across the Organization. Participation rates in the MLP courses continued to grow progressively following the programme's launch, with over 100 managers having been trained. In this context, the first Management and Leadership Newsletter was published in 2010, providing information about management practices, and Management and Effectiveness Fora were held.

108.   With a view to extending the Organization's development and learning programmes to all staff in all locations, a pilot FAO Virtual Academy was launched in 2010, drawing on similar experiences of the UN system, and using a blended approach to staff development and learning. The Virtual Academy should be rolled out in 2011. In addition, learning programmes were implemented to support the skills development of non-managerial staff in the Professional and General Service categories.

3.   Recruitment

109.   The IEE underscored the need to ensure continuous renewal in the Organization by recruiting younger employees. The Internship Programme and the Junior Professionals Programme (JPP) were implemented to help in rejuvenating FAO's workforce by attracting younger professionals, particularly from non- and under-represented developing countries. An overwhelming response was received for the JPP, with over 3,000 applicants expressing interest, approximately 2,200 of whom were eligible to participate in the programme and about 100 of whom were interviewed. A first cohort of 18 Junior Professionals (JPs) are being recruited in 2011, of whom 5 are assigned to HQ units and 13 to DOs. JPs are selected on the basis of clearly defined criteria, including experience in a field relevant to the work of FAO. Their selection is reviewed by the Professional Staff Selection Committee, which assesses the candidates' technical knowledge as well as analytical, writing, planning, organising, and presentation skills[26].

110.   Further measures were implemented in 2010 aimed at improving both geographic and gender representation, including: (i) establishment of two- and four-year interim corporate targets for geographic and gender representation; (ii) application of new selection procedures whereby at least one qualified female candidate must be included in recruitment short-lists; (iii) requirement of prior consultation with senior management for nationals to be interviewed from over-represented countries or countries having reached the upper limit in the range for equitable representation; (iv) development of a strategic action plan on gender representation aimed at assisting the Organization to attain the gender parity target; and (v) setting up a new comprehensive database of institutions world-wide to ensure extensive dissemination of vacancies to target groups, including professional women and nationals from non- and under-represented countries. A press campaign was undertaken in 60 non- and under-represented countries in October 2010 to draw attention to vacancies. As a result of these initiatives, the percentage of nationals from over-represented countries on professional posts included in the PWB has decreased from 38% in December 2004 to 25% in March 2011. During the same period, the proportion of women in professional, director and senior management positions increased from 27% in 2004 to 34% in March 2011. By March 2011, the MTP targets as at 31 December 2011 for the percentage of women in the Professional, Director and above categories of 36% and 18%, respectively for PWB positions, had been achieved.

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[26] Further details on JPs are provided in Appendix 3.

4. **Competency framework**

111. The Root and Branch Review acknowledged that the development of a corporate competency framework is crucial in enabling the Organization to assess and determine the competencies amongst its workforce and realign effectively its HR capabilities to its changing needs. Accordingly, the framework would provide a transparent, standardized foundation upon which HR systems and functions would be based. The competencies would be mapped to all FAO positions and used across a range of HR functions, including job design, recruitment, performance management and learning and development to transform the way in which FAO recruits, advances and retains staff. Despite an initial delay stemming from identifying a suitable framework model and contracting an appropriate consulting firm to assist with this initiative, progress is well under way. A full cycle of focus groups has been held at HQ and in three regions, during which staff provided inputs about competencies relevant to FAO's work. On the basis of the inputs received, a draft competency framework is being developed for validation in a second round of focus group meetings to be held in May and June 2011. The entire process should be completed by the end of 2011 with the approval of the competency framework.

5. **Performance evaluation**

112. The new corporate competencies, once finalized and endorsed, should be incorporated in the enhanced Performance Evaluation Management System. Prior to 2009, over half of the Organization's staff members, notably in the General Service category, were not subject to performance evaluation, and even staff in the professional and above category were not consistently evaluated. PEMS was introduced to redress this situation, promoting a structured framework of evaluation, with 360 degree assessments, peer reviews and regular dialogues between supervisors and supervisees. Following an initial pilot launch in 2009, a pilot roll-out of the full cycle to all staff members was undertaken in 2010 and completed in February 2011. Subsequently, the findings emanating from these pilots were thoroughly analyzed, concurrently with the launch of the second pilot for 2011. The results of the analysis will be used to enhance PEMS prior to its full implementation and use for administrative purposes in 2012. In anticipation of the pilots, extensive PEMS training was delivered to all eligible staff at HQs and in the DOs. Training sessions included an introductory workshop and 'soft skills' courses, such as 'giving and receiving feedback' and 'manager as coach'. PEMS will be complemented by a rewards and recognition framework, reflecting recommendations arising from a review that is being undertaken by the International Civil Service Commission in 2011, as well as a framework to deal with issues of performance below the required satisfactory levels of output and proficiency.

6. **HR management information system support**

113. A major milestone has been achieved with the development of a new HR Management Information and Reporting (HRMIR) System, which provides FAO managers with the requisite tool to manage and plan their human resources. As called for by IPA action 3.72, upgrading of the Oracle system to improve data extraction and analysis in support of staff management was completed in 2010, with the piloting of the new HRMIR System. Consolidating data from a range of transactional systems into a single repository of HR information, the system seeks to improve reporting and facilitate access to accurate workforce information and statistics on a self-service basis. The HRMIR system also enables managers to access interactive dashboards from their workstation, with statistics on HR metrics such as gender and geographic representation and vacant positions in their units, which can be interrogated both from a point-in-time and trend perspective.

7. **HR policies and new functions in support of HR reform**

114. The benefits to be derived by both the Organization and staff members from an effective rotation policy were acknowledged by the IEE. Following extensive consultations conducted with internal stakeholders, and in the absence of an agreement on an appropriate policy framework on

mobility, interim voluntary mobility guidelines were implemented in 2010 to encourage staff from both the Professional and General Service categories to move to different offices or functions for short or longer periods of time, pending development of a comprehensive policy on staff mobility. At its April 2011 session, Council looked forward to the development of a mobility policy founded on a more mandatory model. A task force was set up comprising representatives of stakeholders, and its recommendations should be presented by June 2011 to senior management. The mobility policy is expected to be approved by end 2011.

115. Two new functions – HR strategy and HR communications – have been established within the Human Resources Management Division, allowing the identification of links between the IPA initiatives in the HR sector, and ensuring effective communication with Governing Bodies, Management and Staff. In 2011 a career development function is also being established to formulate policies and guidelines, and advise on talent management and career development best practice.

D. Enhanced administrative and management systems

116. The CoC-IEE noted that progress achieved under this vast area of the IPA Programme covered such key items as revision of the FAO Manual; upgrade of the IT network; procurement initiatives; the International Public Sector Accounting Standards; and modernization of records management.

1. Revision of FAO Manual

117. Stemming from a recommendation of the Root and Branch Review, revision of the FAO Administrative Manual was the subject of a dedicated IPA project planned to be completed in 2013. The end result should be a clear, accessible and easy-to-use Manual with high quality content for use by FAO employees worldwide in three languages – English, French and Spanish. The revised Manual should ensure that all employees in all locations understand and can comply with FAO's rules and regulations. The overhaul of the Manual was led by the Business Improvement Unit in the office of the Assistant Director-General of the Corporate Services, Human Resources and Finance Department, in collaboration with all stakeholders.

118. Activities in 2010 included: a document inventory; a more user-friendly interface for the existing Manual; a frequent-user survey; and benchmarking and contacts with other UN system organizations to take advantage of their experience in re-engineering administrative manuals. Activities were being coordinated with WFP, which shares parts of the FAO Manual. Consultation with policy-makers and users at all geographical levels would continue in 2011.

2. Upgrade of IT network

119. The upgrade of ICT infrastructure and information systems functional support for DOs, with due emphasis on improving performance and integration of the DOs network, was called for in IPA action 3.90. This entailed:

- improved network connectivity by upgrading corporate telecommunication links and Internet connections, providing faster access from DOs to corporate applications and a wide range of new-generation applications, such as videoconferencing and use of knowledge sharing and collaboration tools;

- availability of high definition video-conference facilities in Regional and Subregional Offices for more effective inter-office communications;

- a global ICT model to provide real-time multi-lingual support to FAO's decentralized sites;

- training for administrative officers in DOs on the effective use of administrative information systems.

120.   Progress achieved in these areas in 2010 included corporate telecommunication link upgrades in 56 DOs, and high definition video-conference facilities in all Regional and Subregional Offices. Upgrades of corporate telecommunication links for the remaining 44 offices should be completed in 2011, so that all Country Offices should be able to use video-conference services. In this connection, it should be noted that the OEWG has explored options for greater use of modern technologies during and between sessions of the Governing Bodies, making recommendations in this regard to the 2011 session of the Conference. In addition, an updated FAO telephone directory booklet, which reflects the revised organizational structure, is being prepared.

121.   Proposals for revised Information Technology governance arrangements were finalized in 2010 and should be implemented in 2011. A new Information Technology Strategy covering the period until 2019 was also developed, with a view to its introduction during 2011.

3.   Procurement initiatives

122.   Several milestones were achieved in consolidating the ongoing decentralization process of the procurement function, with many initiatives taking into account the growth of local procurement for emergency operations and the higher delegation of authority assigned to DOs. For example, the level of delegation of authority to FAORs for the procurement of goods and services was doubled, standing at USD 100,000. Increasing the level of delegated authority has improved the timeliness and effectiveness of the procurement process. Following the release of the relevant revised Manual Section, training sessions were conducted in 14 DOs, benefiting over 500 staff members. This was coupled with training sessions at HQ for all units involved in procurement activities.

123.   As regards Letters of Agreement (LoAs), a new Manual Section, when fully implemented, would provide for the first time a clear accountability framework for the preparation, quality assurance, approval and management of LoAs – also in line with the culture change paradigm of moving away from merely applying rules and regulations to using judgment based on understanding the specific risk environments in which LoAs are utilized. The new Manual section would increase delegation of authority to DOs to the same level of that of procurement, and also provide a framework to allow for re-delegation.

124.   The procurement unit was also working with the office of the Inspector General to finalize Guidelines on Collusion and Fraud in Procurement Operations. Additionally, it was finalizing Guidelines on Procurement Planning and Guidelines on Supply Market Analysis. These documents – and accompanying training missions – aimed to enhance the capacity of local staff to manage increasingly larger local procurement volumes. Three new international procurement officers would also be posted in countries where FAO undertakes significant amounts of procurement for emergency projects.

125.   Besides giving due attention to realizing further price and process cost savings whenever possible, FAO's vendor management project would continue to improve the vendor base, taking account of poor performance reports submitted by DOs, and facilitating the use of the United Nations Global Market Place for the DOs procuring from local vendors. Likewise, attention was paid to transparency of the procurement function, e.g. by publishing information regarding procurement activities related to projects exceeding USD 100,000 funded by the European Union Food Facility and the Global Environment Facility.

4.   International Public Sector Accounting Standards

126.   The IPSAS Project continued to move ahead in accordance with plans to deliver IPSAS compliant systems in 2012 and IPSAS compliant financial statements by 2013. The Project aims to support financial decision-making through new or updated business processes, integrated systems, financial controls and comprehensive reporting, including a financial system for DOs to match an enormous increase in field-driven transactions resulting from decentralization and increased

delegations. For example, disbursements made through DOs amounted to USD 581 million in 2010, i.e. 190% higher than in 2004.

127.   The assessment stage had been completed, paving the way for a design and building phase of the identified solutions. This would be carried out in parallel with the upgrade of FAO's Enterprise Resource Planning (ERP) system to Oracle Release 12 (R12). The synergies between the two would allow the IPSAS project to exploit the significant functionality in R12, including in DOs. In October 2010, the Finance Committee supported this synergistic approach and noted the above deadlines. However, the IPSAS Project was able to provide Organization-wide benefits in advance of the 2013 overall implementation date. In 2010, a new functionality was made available to DOs for easy access to financial data in corporate systems, and another new functionality was released to procurement staff at HQ to record receipts for goods delivered to the DOs.

5.   Records Management modernization project

128.   Stemming from a recommendation of the Root and Branch Review, Records Management was the subject of a project intended to modernize FAO's records and archives management policies, procedures, systems and support, so that better service can be provided at lower cost. Four aspects of records management were to be modernized via:

-   new policies, to promote knowledge sharing while protecting privacy and confidentiality;

-   new processes, to enhance finding of information while requiring less effort for filing;

-   new technology, to replace the current system with better tools, including better search capabilities;

-   new support arrangements, generating savings through more efficient deployment while creating a more "value-adding" role for registry staff.

129.   The project should meet its objectives – both in terms of improved service and lower costs – within the agreed resources and timeframes. It would generate savings in excess of the required investment within the IPA period and lead to biennial savings of over USD 2 million thereafter. The project could also be seen as a good case of "applied culture change" in promoting changes in staff attitudes and behaviour, while seeking to revitalize an entire FAO occupational group. Finally, the project would also support knowledge sharing and improved teamwork, including better access to information from DOs.

E.   Effective governance and oversight

130.   As noted by the CoC-IEE, during the biennium developments on governance and oversight issues stemming from the IPA related mainly to: the Charter for the Office of Evaluation; the Ethics Committee; Multi-year Programmes of Work for Governing Bodies; Rules of Procedure for Governing Bodies; and procedures for addresses by candidates for the office of Director-General.

1.   Charter for the Office of Evaluation

131.   Conference Resolution 1/2008 called for the approval by the Council of a comprehensive evaluation policy in the form of a "Charter". It included specific items to be incorporated into the Charter, including appointment of the Director of Evaluation, measures for quality assurance, and the role of Governing Bodies in evaluation processes. It also established the principle that all evaluation reports, management responses and follow-up reports were public documents.

132.   The draft Charter was reviewed at three sessions of the Programme Committee in 2008-09. However, the Council agreed in September-October 2009 that the Charter should not be finalized until the newly-appointed Director of Evaluation could participate in the process. In April 2010 the Programme Committee gave its final endorsement to the Charter, which was then approved by the

Council in May 2010. As required by Resolution 1/2008, the Charter has been incorporated into the Basic Texts of the Organization.

2. Ethics Committee

133. In response to IPA action 3.34, proposed terms of reference and composition of the Ethics Committee were considered by the Finance Committee, Committee on Constitutional and Legal Matters (CCLM) and Council. In October 2009 the CCLM endorsed proposed terms of reference and membership of the Ethics Committee, on which the Finance Committee, in April 2010, made observations and requested revisions thereof. Council in May 2010 requested that both Committees continue to review the matter.

134. Subsequently the CCLM, in September 2010, deferred consideration of the matter pending the conclusions of a related consultancy that was underway, and its review by the Finance Committee. In October 2010, the Finance Committee examined a revised proposal and recommended a few changes for further review by the CCLM. The Council in November-December 2010 welcomed the continuing efforts being made to prepare the terms of reference of the Ethics Committee and supported further review by the two Committees in March 2011.

135. In March 2011 the CCLM recommended further amendments to the terms of reference and membership of the Ethics Committee, proposing that it be established for a period of four years beginning in January 2012, during which its work would be reviewed by the relevant Governing Bodies with a view of future changes as necessary. Shortly thereafter, the Finance Committee endorsed, with a minor amendment, the terms of reference and composition of the Ethics Committee as reviewed by the CCLM. It agreed that external members of the Ethics Committee would be appointed, subject to approval by the Council, upon recommendation of the Finance Committee and the CCLM. In April 2011, the Council approved the Terms of Reference and composition of the Ethics Committee, as agreed by CCLM and the Finance Committee, noting that its external members would be appointed by the Director-General subject to approval by Council, upon recommendation of the Finance Committee and the CCLM at their autumn sessions in 2011.

3. Multi-year Programmes of Work for Governing Bodies

136. IPA actions 2.70-72 called for the development of Multi-year Programmes of Work (MYPOWs) for the Governing Bodies, alongside reports of progress against them once every two years. So far MYPOWs of three Governing Bodies have been approved, while further achievements should materialize in the next biennium for the remaining MYPOWs. Importantly, the formulation of these novel instruments has been greatly facilitated through informal discussions among the Members.

137. The Programme Committee and the Finance Committee have approved their MYPOWs 2010-13, respectively in April and in October 2010, with subsequent endorsement of both instruments by Council in May and November-December 2010.

138. The Council approved its MYPOW 2010-13 in November-December 2010, with progress against it expected to be reported to the Conference in June-July 2011.

139. In September 2010, the CCLM discussed its MYPOW, observing that it does not have pre-determined, recurrent or standing items on its agendas, which could be reviewed in accordance with a preset programme of work. In November-December 2010 the Council concurred that the CCLM's MYPOW should take account of the distinctive features of the statutory functions of the Committee, noting that the CCLM intended to keep the matter under review at future sessions.

140.   Concerning the Committee on World Food Security, as agreed at its October 2010 session, it should examine and approve its MYPOW at its forthcoming session in October 2011, for subsequent endorsement by Council in November 2011.

141.   As to the four Technical Committees and five Regional Conferences – which all meet once every two years – they should be able to consider and adopt their MYPOWs for the period 2012-2015 when they meet in 2012 – as anticipated especially by the Committee on Forestry at its last session in October 2010 – following preparatory work carried out in 2011.

4.   Rules of Procedure for Governing Bodies

142.   Most of the amendments to the main Basic Texts – Constitution, General Rules of the Organization (GRO), Financial Regulations – necessary to implement the IPA have been adopted by the Conference in 2009. As a result of some of the amendments made, however, consequential changes to the Rules of Procedure of individual Governing Bodies were also needed. Thus revisions and additions to Rules of Procedure have been prepared during the current biennium, with guidance provided in this process by the CCLM and Council.

143.   Since its establishment in 1958, the CCLM had operated effectively within the framework set forth by the Basic Texts, without developing its own Rules of Procedure. However, for reasons of consistency with other committees, the CCLM reviewed and adopted its Rules of Procedure in September 2010, which were then inserted in the Basic Texts.

144.   As they became part of the Governing Body structure only in 2009, the Regional Conferences did not previously have their own Rules of Procedure. These have therefore been drafted and were discussed by the CCLM in September 2010, which formulated observations on the text put forward. Subsequently, in November-December 2010 the Council recommended that the proposed Rules of Procedure be further reviewed by the Regional Groups, taking into account the status of the Regional Conferences. Hence the proposed Rules of Procedure should be examined by the Regional Groups with a view to their consideration and adoption by the next Regional Conferences scheduled to take place in 2012. This process was endorsed by Council in April 2011.

145.   In this connection, in March 2011 the CCLM discussed a possible amendment to the provision of the GRO regarding the preparation of the provisional agendas of the Regional Conferences. It agreed that this question was related to other matters regarding the status of the Regional Conferences still under discussion, and recommended that consultations with the Regional Groups be held during the second part of 2011 and early 2012 with a view to agreeing on proposals to be referred to the Regional Conferences in 2012.

146.   As regards the Technical Committees, in May 2010 the Council acknowledged their authority to amend their own Rules of Procedure based on their specific functional requirements, while stressing the desirability of consistency among such Rules of Procedure. In this context, the Council invited in May 2010 the Committee on Commodity Problems, the Committee on Fisheries, the Committee on Forestry and the Committee on Agriculture to examine their Rules of Procedure. This matter was also partly addressed by the OEWG in the course of its deliberations on the working arrangements of the Technical Committees, and recommendations were formulated in this regard in its report to the 2011 Conference.

147.   To date only the Committee of Forestry had approved changes to its Rules of Procedure in October 2010, which were included in the Basic Texts. The other Technical Committees could follow suit at their next sessions in 2012, as foreseen in particular by the Committee on Fisheries at its last session in January-February 2011.

5.   Procedures for addresses by candidates for the office of Director-General

148.   Upon recommendation made by the CCLM in April 2010, the Council approved in May 2010 the procedure to be followed for the addresses by candidates for the office of Director-General at the Council session of April 2011. A similar procedure was endorsed by Council for the presentation of such addresses at the Conference session of June-July 2011.

6.   Assessment of governance reforms

149.   The CoC-IEE recalled IPA action 2.74 whereby the Conference should assess the workings of the governance reforms, including the role and functioning of the Regional Conferences, with an independent review as an input to this process. It noted that this action was due for completion by 2015, with preparatory assessment work to be carried out in the course of the 2012-13 biennium.

F.   Funding and expenditures for the IPA Programme in the 2010-11 biennium

150.   The CoC-IEE recalled that, in approving the IPA in 2008, the Conference had decided to establish a special Trust Fund to receive extra-budgetary resources for implementation of the IPA in 2009[27]. As at end 2010, of the confirmed pledges by Members to contribute a total of USD 9.01 million to the Trust Fund, a total of USD 9.0 million had been received, and at the end of 2009 there was an unspent balance of USD 3.08 million against the Trust Fund.

151.   It was also recalled that funding for 2010-11 was incorporated in the PWB. Implementation of the IPA in 2010-11 was financed by the budgetary appropriations voted by the Conference for the PWB, as well as the unspent balance from the 2009 IPA Trust Fund carried forward to 2010[28].

152.   As at end 2010, the unspent balance of the Trust Fund of USD 3.08 million was fully expended, and the IPA expenditure (recorded expenditures and commitments) charged to the PWB totalled USD 15.98 million. Thus, the total expenditure on the IPA in 2010 was USD 19.06 million, as illustrated in table 2 providing expenditure at IPA project level.

153.   It was anticipated to fully spend the net balance available under the budgetary appropriations on IPA activities in 2011. As confirmed at the 135th session of the Finance Committee in October 2010, all IPA-related funding in 2010-11 would be used exclusively for IPA activities, and unspent 2010-11 IPA funds, if any, would be carried over into 2012-13[29].

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[27] Conference Resolution 1/2008, para 3.

[28] Conference Resolution 3/2009, para 2.

[29] CL 140/21, para. 29.

Table 2 - 2010 expenditure by IPA project

Project	2010-11 budget	2010 expenditure	Percentage
	PWB	PWB & TF	
1. Governing Body Reform	2.87	1.39	48%
2. Oversight	2.40	1.03	43%
3a. Reform of Programme, Budgeting & RBM	0.49	0.44	90%
3b. Publishing in all languages	0.38	0.20	53%
4. Resource mobilization and management	1.43	0.58	41%
5. Technical Cooperation Programme	-0.62	0.09	-15%
6. Decentralization	0.80	0.37	46%
7a. Headquarters structure	0.63	0.60	95%
8. Partnerships	1.38	0.52	38%
9. Reform of Administrative and Management Systems	2.89	2.16	75%
11b. Information Technology	10.40	3.92	38%
12. Enterprise Risk Management	0.70	0.12	17%
13. Culture change	2.30	0.47	20%
14. Human Resources	9.91	5.17	52%
15. IPA governing body follow-up	0.48	0.46	96%
16. IPA management follow-up	3.16	1.54	49%
Sub-Total (PWB)	**39.60**		
IPA Trust Fund balance	3.08		
Totals	**42.68**	**19.06**	**45%**

IV.   The way forward

A.   The IPA programme in 2012-13

154.   As recalled in section II above, it is estimated that 20% of IPA actions would remain to be completed in 2012-13, representing 40% of the workload in terms of outstanding effort, time and costs. These comprise complex, large projects with a significant impact on staff and the Organization as a whole, relating to Results-Based Management (RBM), Human Resources, Culture Change, Decentralization, and the introduction of IPSAS, including replacement of the current Field Accounting System.

155.   The main thrusts in the RBM area will be: further improvements to the planning model based on experience; full implementation of the resource mobilization and management strategy; and mainstreaming of Enterprise Risk Management in the RBM framework. Definition of requirements and gap analysis will be undertaken for the transfer of functions related to financial forecasting and expenditure performance from OSP to the Finance Division. This should bring FAO's planning and monitoring system fully into line with RBM, taking into account IPSAS requirements as they pertain to budgetary monitoring and reporting. As foreseen by the reform of the programming, budgeting and results-based monitoring system[30], during 2012-13 the Strategic Framework of the Organization will be reviewed and a Medium-term Plan 2014-17 will be prepared.

156.   Regarding Human Resources, most of the work will stem from initiatives commenced in 2010-11, including: management training; staff appraisal; full implementation of the staff rotation and more mandatory mobility policy; further improvements in recruitment; measures to ensure greater equity in geographic and gender representation; the Junior Professional Programme; and development of the Corporate Competency Framework. Delivery of new HR functions should take place such as on career development, strategy, HR communications and staffing.

157.   As regards Culture Change, implementation of the corporate strategy will cover three main areas: (i) *team-working and collaboration*, with an associated training programme and appropriate definitions included in the competency framework and applied to all HR processes, including PEMS. This will be supported by a variety of initiatives, including regular divisional retreats, "Share Fairs" for staff to exchange knowledge and best practices, and a "Staff Day" involving staff from DOs and HQ to celebrate and share team achievements; (ii) *leading for empowerment and delegation*, with a tailored development programme for all staff with line management responsibilities to build the skills and competencies required; (iii) *accountability for results*, with managers held accountable for conducting PEMS diligently and effectively covering all employees. To embed a culture of meritocracy, actions to recognize and reward high performers together with measures to deal with poor performance will be implemented. A talent management programme will seek to identify potential in line with the competency framework. Further tools will be developed to monitor and communicate culture change in FAO, and to measure culture shift. Successful culture change requires the full engagement of Senior Management. Much has already been done towards this, with the lead role played by the Deputy Director-General in heading the first Culture Change Team, and that of the Assistant Director-General, Economic and Social Department for the current Culture Change Team. The engagement process will be further enhanced in the period 2011-2013 through workshops and training sessions with senior managers aiming to: develop a shared understanding of culture change and its importance for FAO renewal; identify and agree on the crucial role of leaders in bringing about the desired culture shift; and develop additional skills and competencies to effectively sponsor evidence-based culture change and improved organizational performance.

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[30] Conference Resolution 10/2009.

158.   Concerning Decentralization, actions arising from the vision for the structure and functioning of DOs will be further elaborated by Management and reviewed by the Programme and Finance Committees in October 2011, as well as the Regional Conferences in 2012, supported by comprehensive additional information on each DO (staffing, costs, funding sources and programmes) provided by Management, with the aim of obtaining endorsement of the vision by the Council in 2012. Moreover, the Regional Conferences which will be held in 2012 should review FAO's country coverage in their region, with a view to enhancing the Organization's effectiveness and efficiency at country level and make recommendations to the Council in 2012 on the most suitable structure and skills mix of the DOs network in their region, including close alignment to country needs in line with country frameworks. For each Regional Conference, a supporting document will be prepared by Management.

159.   In respect of IPSAS, the next biennium should witness the critical building, testing and implementation phase of the new system, in parallel with the upgrade of FAO's Enterprise Resource Planning (ERP) system to Oracle Release 12. This will include delivery of a new Field Accounting System which will fully exploit the improved bandwidth in DOs, being addressed under IPA action 3.90.

160.   Governance reforms will be pursued further in the next biennium: (i) the Ethics Committee will be put in place; (ii) MYPOWs will be developed and approved for the CCLM, Regional Conferences and Technical Committees; and (iii) the required Rules of Procedure for Governing Bodies will be prepared and adopted. More broadly, under IPA action 2.74, an assessment of the governance reforms will be carried out, with inputs by an independent review. This action should be completed by 2015, with preparatory work undertaken in 2012-13.

Funding requirements

161.   The CoC-IEE underscored that the IPA programme would be fully mainstreamed into the PWB 2012-13, by including proposed financial requirements in the net appropriation figures (broken down according to the budgetary chapters for Strategic and Functional Objectives and Capital Expenditure)[31], which was confirmed by Council in April 2011. This holistic presentation was important given the inter-relationship between the IPA and planned work in a number of areas, including information systems and human resources.

162.   It was noted that Management had adopted a four-point policy for the prioritization and budgeting of IPA projects and activities for the biennium 2012-13, namely: (i) review of delivery capacity; (ii) sustainability of IPA projects; (iii) better integration of IPA activities with the regular programme of work; and (iv) avoidance of use of IPA resources for administrative positions.

163.   The IPA budgetary requirements for 2012-13 were developed based on two main components: (i) recurrent costs and savings that are a result of IPA actions undertaken in 2010 and 2011; and (ii) investment costs and recurrent costs and savings that are required for actions to be initiated in 2012-13. Based on the above, the total estimated IPA programme costs in 2012-13 stood at USD 37.84 million, comprising investment costs of USD 16.61 million and net recurrent costs of USD 21.23 million (consisting of recurrent costs of USD 31.78 million and savings of USD 10.55 million).

164.   It was noted that the PWB 2012-13 document (C 2011/3) provided detailed information on the planned IPA activities and financial estimates[32], as summarized in table 3.

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[31] C 2011/3, PWB 2012-13 table 3.
[32] C 2011/3, paras 114-145.

Table 3 - PWB 2012-13 - IPA programme costs by thematic area*

Thematic area	Investment Costs	Recurrent Costs	Savings	Net	Total	SO/FO Chapter Allocation
1. Managing for results	1.40	2.14	0.00	2.14	3.54	X
2. Human Resources	1.90	14.50	-1.12	13.38	15.28	Y
3. Culture change	2.30	0.00	0.00	0.00	2.30	Y
4. Decentralization and partnerships (functioning as one)	1.14	1.72	0.00	1.72	2.86	X
5. Enhanced administrative and management systems	6.49	7.78	-9.43	-1.65	4.84	Various
6. Effective governance and oversight	0.20	5.64	0.00	5.64	5.84	X
Management support	3.18	0.00	0.00	0.00	3.18	X
Total	**16.61**	**31.78**	**-10.55**	**21.23**	**37.84**	

* Extract from C 2011/3 - PWB 2012-13, Table 5

Longer term picture

165   While the IPA is a five year reform programme due to be largely completed at the end of 2013, some elements will require more time to achieve maximum impact. For example, the implementation of results-based budgeting would be fully realized in the next budgetary cycle of 2014-15, as its application in the PWB 2012-13 is still "work-in-progress". In addition, although more than 90% of staff across the Organization participated in PEMS training, the 2010 and 2011 PEMS exercises are of a pilot nature, so that its full incorporation in administrative procedures should start only in 2012, and the benefits materialize progressively. Also, some actions emanating from the Root and Branch Review imply costs and savings that have been projected over a seven year period.

166.   Evaluation activities will be closely aligned with results-based management frameworks, with special focus on conducting independent and strategic corporate evaluations, evaluation of country programmes including impact of key interventions, and evaluation of cross-cutting issues across Strategic Objectives. The aim of this effort would be to inform the Membership and Management about FAO's performance in development work and increasing feedback from evaluation findings to future programming and priority setting. The implementation follow-up to evaluation recommendations will also be stepped up. While the IPA target of 0,8% of the Net Appropriation for the budget of the Office of Evaluation was reaffirmed by Council in April 2011, it should be increased from 0.6% in 2010-11 to 0.7% in 2012-13.

B.   Governing Body follow-up arrangements

167.   The CoC-IEE examined how governance follow-up for the IPA Programme could be organized in the course of 2012-13. In view of the full mainstreaming of the IPA in the PWB, the oversight functions on IPA implementation would henceforth be normally performed through the relevant Governing Bodies, without having recourse to special arrangements similar to those put in place by the Conference in 2008 and 2009.

168.   More specifically:

- the Council would continue to monitor overall progress in implementation of the IPA in 2012-13 and submit a full report to the 38th Session of the Conference in 2013, receiving from Management progress reports on IPA implementation for review and guidance;

- the Finance Committee, Programme Committee, CCLM and, as needed, the Technical Committees and Regional Conferences would provide specific inputs to the Council according to their respective mandates;

- the Independent Chairperson of Council would, within his reinforced responsibilities, continue to play a proactive facilitating role.

169.   Not entailing incremental costs, such arrangement would rely entirely on the existing inter-governmental structures, making maximum use of their specialized competencies, with further involvement of the Independent Chairperson of Council in line with the new status of the function.

170.   This arrangement should be reflected in the Resolution on the IPA expected to be adopted by the Conference at its 2011 session.

Appendices

- Appendix 1 - Conference Resolution 4/2009 on the IPA

- Appendix 2 - Organizational Arrangements for the CoC-IEE in 2010-11 (Bureau Members, schedule of meetings)

- Appendix 3 - Management Report on IPA implementation in 2010-11.

Appendix 1

Resolution 4/2009 on the Immediate Plan of Action for FAO Renewal

THE CONFERENCE:

Mindful of FAO's unique overall mandate for food and agriculture, **cognisant** of its vision of a world free of hunger and malnutrition where the food and agriculture sectors contribute to improving the living standards of all in an economically, socially and environmentally sustainable manner, and **aware** of the global goals set out by the Members to foster the achievement of this vision as formulated in the Organization's Strategic Framework 2010-19;

Recalling its Resolution 1/2008 whereby it approved the Immediate Plan of Action (IPA) for FAO Renewal for implementation over a three-year period from 2009 to 2011 – a vital pathway of Reform with Growth for a strengthened, efficient, effective and responsive Organization;

Having considered the Report of the Conference Committee on Follow-up to the Independent External Evaluation of FAO (CoC-IEE) on the work completed in 2009 in the framework of the IPA, and the remaining work to be undertaken for the implementation of the IPA;

Noting with appreciation that major progress has been achieved in implementing many IPA actions in the course of 2009, along with related recommendations from the Root and Branch Review of administrative processes;

Recognizing that FAO renewal will continue to entail considerable efforts to carry out large and complex IPA projects in 2010-11, and to ensure long-term integration of culture change in the overall reform of the Organization;

Acknowledging the spirit of collaboration and trust that has prevailed between the Membership and the Management of FAO in conducting the reform process as a joint endeavour, with full engagement and interactive participation of the Members, constant support of the Director-General, and committed involvement of the Staff across the Organization;

Cognisant of the need to ensure the sustainability of the reform process in the future years:

1.   **Endorses** the Report of CoC-IEE on the Immediate Plan of Action for FAO Renewal as given in *Appendix D* of this Report.

2.   **Decides** that the Council will continue to monitor the overall progress in implementation of the IPA and report to the Conference in 2011, receiving from Management, at its regular sessions, progress reports on IPA implementation for review and guidance. In performing this oversight function, the Council will also receive, as appropriate, specific inputs from the Programme Committee, the Finance Committee and the Committee on Constitutional and Legal Matters in their respective areas of mandate. In this context, the Independent Chairperson of the Council will play a proactive facilitating role.

3.   **Decides** to establish, under Article VI of the FAO Constitution, a Conference Committee on Follow-up to the Independent External Evaluation of FAO (CoC-IEE) for the duration of 2010-11, to ensure continuity of oversight, guidance and follow-up for the implementation of the IPA, supporting the Council in its monitoring responsibility. To this end, the CoC-IEE will:

   a)   provide overall monitoring and follow-up of the implementation of the IPA by Management in 2010-11, as well as guidance for any required improvement in this regard, without prejudice to the statutory functions of the Council and its Committees;

b) complete a report on the results of its work by April 2011 for presentation to the Conference in June 2011, formulating any recommendations stemming from the implementation of the IPA;

c) be open to full participation by all Members with speaking rights, conduct its work in all languages of the Organization, and collectively formulate its recommendations and decisions through consensus to the maximum extent possible;

d) hold up to three meetings per year at appropriate periods of time, taking into account related sessions of the Governing Bodies to ensure proper sequencing of complementary meetings, and which will not be held in parallel with major meetings of the Rome-based UN Organizations to allow the fullest participation of Members;

e) appoint a Bureau consisting of the Chairperson and the two Vice-Chairpersons of the CoC-IEE and one representative of Member Nations per region, which will address exclusively administrative and organizational matters, and be open to non-speaking observers from the Membership;

f) be proactively supported by Management, which will provide secretariat services and the required documents for its meetings.

4.   **Decides** that the Independent Chairperson of the FAO Council will be the Chairperson of the CoC-IEE.

5.   **Decides** to appoint as Vice-Chairpersons of the CoC-IEE:

- Ambassador Agnes van Ardenne-van der Hoeven (Netherlands); and

- Ambassador Wilfred Joseph Ngirwa (United Republic of Tanzania).

(Adopted on 19 November 2009)

**Organizational Arrangements for the CoC-IEE in 2010-11
(Bureau Members, Schedule of Meetings)**

Membership of the Bureau

Chairperson	
Mr Luc Guyau, Independent Chairperson of Council	
Vice-Chairpersons	
Ambassador Agnes van Ardenne-van der Hoeven (Netherlands)	
Ambassador Wilfred Joseph Ngirwa (Tanzania)	
Members	
Africa	Eritrea
Asia	China
Europe	Spain
Latin America and the Caribbean	Brazil
Near East	Afghanistan
North America	Canada
South-West Pacific	Australia

Schedule of meetings

2010	2011
8 April	23 February
23 June	30 March
20 October	21 April

<div align="right">**Appendix 3**</div>

Management Report on IPA Implementation in 2010-11

Executive Summary

1. This report is an Executive Summary of the Management report on progress in implementation of the Immediate Plan of Action (IPA) for FAO Renewal in 2010-11, which responds to the request made at the November 2010 Council session, for progress reports on IPA that cover both the quantitative and qualitative aspects of implementation. The full Management progress report on IPA implementation in 2010-11 (Web Appendix 3) is available electronically and can be found on the FAO Web site at http://www.fao.org/docrep/meeting/022/mb134Add1E.pdf.

Quantitative progress

2. The good progress on IPA implementation reported at the end of 2009 continues. Of the 154 IPA actions comprising the 2010-11 programme, 25 (16%) were completed in 2010. This is a lower rate of completion compared to 2009, but represents progress as anticipated, because many of the actions in the 2010-11 programme are large and complex actions that will complete later in 2011 or continue into 2012-13.

3. 102 (66%) of actions are on track for delivery by the anticipated completion date, of which 74 are reporting to complete prior to end 2011. 15 (10%) of actions are subject to minor delays but no actions are subject to major delays. Completing the picture, 12 (8%) of actions fall into "other" categories, because either they are of a "continuous" nature, there is no Member consensus, or because Management is scheduling the action "beyond 2013". These are entirely described in the full Management progress report on IPA implementation in 2010-11. A comprehensive listing of the status of all actions from IPA inception is included at Annex I of the same report.

4. However, these quantitative indicators of how many actions have been completed or are on track provide only a partial indication of progress during the year owing to the wide variation in size, scope and complexity of IPA actions. Information detailing actual achievements during the year and progress towards reaping tangible benefits provide a more robust and complete picture of progress.

Achievements and Benefits

5. Significant achievements have been delivered in 2010 and early 2011 and, although it is too early to realize the full benefits of many of the reforms, some key tangible benefits are starting to emerge as IPA implementation progresses. Whilst reporting on steps towards achievement of these benefits, the IPA implementation covers a five-year timeframe and many of the benefits of a major change programme can only be achieved upon successful completion of the large, complex projects that comprise the programme.

6. *Managing for Results - achievements:* all organizational units have completed their 2010-11 operational work plans as a basis for implementation, monitoring and reporting. Governing Bodies have approved the monitoring and reporting framework, and Management prepared the first-ever Mid-term Review Synthesis Report for 2010, which was considered by the Programme and Finance Committees in March 2011 and reviewed by Council in April 2011[1]. On the basis of the guidance received throughout 2010 and early 2011, Management prepared the MTP 2010-13 (*Reviewed*) / PWB 2012-13, which was considered by the Programme and

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[1] CL 141/REP, paras 10 and 16.

Finance Committees and Council in March-April 2011, in preparation for the June-July 2011 Conference. Some progress was achieved on prioritization of technical work in 2010-11, during which Management supported discussions by the Technical Committees, Regional Conferences, Programme Committee and Council. On an overall basis, given the new governance arrangements and the newly established results-based framework, Management and Members agreed that the priority-setting cycle in 2010-11 (for the 2012-13 biennium) was one of transition.

7.   There has been significant progress in developing the Resource Mobilization and Management Strategy (RMMS), which is firmly linked to the results-based framework and core functions in the MTP, with focus given to meeting priorities at country level through the Country Programming Framework. During 2010-11, the outline of the RMMS was presented by Management in different Governing Bodies sessions, including Council in April 2011, who welcomed the outline of the RMMS[2].

8.   In October 2010[3], the Finance Committee and the Council commended the Enterprise Risk Management (ERM) framework that embeds ERM in Results-Based Management, and provides a roadmap for its implementation. In March 2011 the Finance Committee expressed satisfaction that the ERM framework would cover all risks to the achievement of FAO's objectives. A Corporate Risk Committee has been established under the chairmanship of the Deputy Director-General Operations.

9.   The target benefit for *Managing for Results* is a clear and measurable impact of FAO's products and services on beneficiaries. In order to accomplish this benefit, FAO's work under all sources of funds must be systematically planned, implemented, measured and monitored using results-based management principles, including the linking of staff plans to Organizational Results. Whilst work is ongoing to fully implement the planning and prioritization process, many benefits will materialize only after the results-based frameworks have been in place for the four-year period of the MTP, allowing for monitoring and reporting on the agreed upon indicators of achievement.

10.   An immediate benefit resulting from the completion of Organization-wide workplans is a concrete base for improved monitoring and reporting, thus enabling better management of Organizational results-based activities.

11.   *Functioning as One - achievements:* Management has presented to various Governing Body meetings in 2010 a "*Vision for the Structure and Functioning of FAO's Decentralized Offices Network*". This document provided a comprehensive vision supported by a strategy and an integrated set of proposals in terms of structure, staffing, operations and funding to create a strong and responsive Decentralized Offices (DOs) network. The reflections of the Council and CoC-IEE on this topic, as well as the next steps are set out in their reports[4].

12.   The delegations of authority to DOs for procurement activities relating to emergencies were revised and several hundred staff in the DOs were trained in the new procedures. The delegation process has taken into account the growth of local procurement for emergency operations and the higher delegation of authority assigned to DOs.

13.   With regard to decentralization of TCP activities, the Technical Cooperation Department has proceeded with the recruitment of Regional TCP Officers in close consultation with the Regional Offices. It has also trained staff at HQ and in DOs, and clarified the process for obtaining technical support and clearance of TCP projects. DOs now have responsibility,

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[2] CL 141/REP, para 9.
[3] FC 135/13; CL 140/21, para 46; CL 140/REP, para 25.
[4] CL141/REP, para 33 and 35; Report of the CoC-IEE to the Conference, C2011/7.

authority and accountability for the entire TCP project cycle, from identification of project ideas, through formulation and approval, to implementation. Regional Representatives have also been assigned the added responsibility for regional TCP allocations.

14. An interim Organization-wide Strategy on Partnerships has been approved in January 2011. This has been complemented by the development of sector-specific strategies on partnerships: (i) on enhancing FAO's collaboration within the UN system; (ii) on furthering FAO's collaboration with the other Rome-based Agencies; (iii) with non-governmental and civil society organizations; and (iv) with the private sector. In this regard, the Rome-based Agencies made progress in working closely on the global food security cluster.

15. The target benefit of *Functioning as One* is that all the resources of the Organization at all geographic locations work in synergy and complementarity to achieve Organizational Results while assuring that those results make an optimal contribution to Members' priorities at (sub) regional and country levels. Synergies are also achieved with external partner organizations, based on comparative advantage.

16. One of the early benefits achieved is the increased participation of five Regional Conferences in the decision making process of the Organization, which recommended regional priorities. The five Technical Committees also provided guidance on priority areas of work within their mandates. Together with the progressive introduction of country and (sub) regional priority frameworks, this will lead to improved focus as well as a better balance and synergy between global, regional, subregional and country concerns.

17. Through the delegation process, Regional Offices (ROs) have improved the coherence of the DO network, strengthened their overall monitoring function and are providing timely support to FAO Representatives on day-to-day office management matters. The time lag between submissions of requests for TCP project and their approval has been reduced from an average of 6 months to slightly less than 4 months. This was one of the main benefits expected from decentralization on TCP management. The delegation process has also allowed for considerable gains in the area of procurement by having increased capacity building and by making procurement more strategic.

18. The improved telecommunications facilities in several DOs have already resulted in faster and more reliable access to a wide range of FAO applications. The DOs also enjoy enhanced knowledge sharing capabilities by having access to the business intelligence tools already developed. Regional Representatives have become regular participants, through videoconferencing, in monthly Senior Management Meetings and other important corporate policy meetings covering topics such as the Initiative on Soaring Food Prices (ISFP).

19. Although substantially completed in 2009, Management completed all details of the HQ delayering exercise in early 2010, delivering financial benefits of USD 17.4 million per biennium.

20. *Human Resources Reform - achievements:* the new Performance Evaluation Management System (PEMS) was successfully introduced during the year, with virtually all staff across the Organization having been trained on PEMS, and having participated in the 2010 PEMS cycle, ending on 18 February 2011 with the "year-end appraisal" phase. Drawing from the results of the 2010 exercise, the 2011 PEMS cycle is now underway.

21. Interim guidelines for the promotion of mobility were issued in 2010 to foster and promote voluntary mobility, pending the introduction of a mobility policy founded on a more mandatory basis. Over 40 positions in the Professional category and 25 in the General Service category have been included in the Mobility Compendium, and 40 staff members have expressed their interest in being considered for a mobility assignment.

22. The first cohort of 18 Junior Professional Programme (JPP) will join FAO in 2011, of whom 5 assigned in HQ and 13 to DOs. The draft Human Resources Strategic Action Plan on gender balance was revised in late 2010 to incorporate the newly approved target of 50% adopted across the UN. Departmental/office geographic and gender targets for 2011 have been issued in a corporate effort to meet the overall MTP targets. By March 2011, the MTP targets as at 31 December 2011 for the percentage of women in the Professional, Director and above categories of 36% and 18%, respectively for PWB positions has been achieved.

23. FAO held two highly attended Management and Organizational Effectiveness Forums in 2010 to promote staff development. Participation increased in the inter-agency Management Development Centre (MDC) which helps managers identify their strengths and areas where they can continue to develop their managerial skills. Over 100 managers have participated in MDC courses since its launch. A senior-level Human Resources Committee (HRC) was established to ensure that the Organization is appropriately investing in, mobilizing and empowering its human capital. In terms of improved access by managers to HR information, an on-line HR management information system was released in 2010 to managers and users of HR data at HQ and in DOs.

24. The target benefit for *Human Resources reform* is to ensure an enabled, effective and motivated workforce better able to deliver FAO's mandate. Achieving benefits under this area means that FAO's staff must be balanced in its demographics, nationality and gender, and its knowledge and experience must be broadened and targeted to achieve agreed organizational results.

25. Preparatory work is now complete on improved demographic composition, through the work undertaken on the Junior Professional Programme, and actions taken to improve gender and geographic balance. There is an expected benefit of rejuvenation of FAO workforce over time by recruiting younger professionals from non- and under-represented developing countries, and with priority to addressing gender imbalances and mainly to focus on the needs of DOs especially at country level. The initiatives on gender balance are achieving concrete results.

26. FAO will improve its staffing capacity in knowledge and experience through progressive increases in resources allocated to staff training, especially management training. This training will be reinforced by completion of the competency framework, improved recruitment procedures, as well as by introducing robust performance management processes and systems, and in increased staff mobility between different offices and functions of FAO.

27. The introduction of PEMS in 2010 has supported the objective of improving accountability and performance across FAO, and PEMS implementation represents a concrete change in the way the Organization works because, for the first time, staff is linking objectives of their daily work to those of the Organization.

28. *Reform of administrative and management systems - achievements:* this thematic area brings together the highest number of large and complex projects that comprise the IPA programme. Management is adopting a synergistic approach between International Public Sector Accounting Standards (IPSAS) and Oracle release 12 projects. This will enable the IPSAS project to benefit from the enhanced functionalities available in the latest software from Oracle. The user requirements phase was completed in 2010, and the overall design phase is now commencing. The extent of field disbursements has increased rapidly in recent years and, as a part of the IPSAS project, a new field model has been developed which will replace outdated systems in DOs.

29. A Charter was signed by the three Rome-based Agencies in June 2010 for the FAO, WFP and IFAD Common Procurement Team, for HQ-based procurement. This team issued 18 tenders in 2010 with an aggregate value of USD 23 million. 16 out of these 18 tenders were issued

through an electronic system (In-Tend) which was adopted by each Agency to harmonize "e-tendering" tools.

30. Information Technology achievements during the year include major network capacity upgrades in 56 Country Offices (COs) enabling DOs to have improved access to corporate systems and tools. High-definition video conference facilities have also been made available in 2010 to all Regional and Sub-Regional Offices to improve inter-office communications and video conference facilities are now available in over 50 countries. Proposals for revised Information Technology Governance arrangements were finalized in 2010 and will be reviewed and implemented in early 2011. A new Information Technology Strategy covering the period until 2019 was also developed in 2010, and this will be reviewed and introduced during 2011.

31. The target benefit of the *Reform of administrative and management systems* is to ensure better delivery of FAO technical services through client-oriented and streamlined administrative processes, improved value and relevance of financial and other resource information, and innovative administrative service delivery options.

32. Projects in this thematic area are well under way, and significant efficiency benefits will begin to be delivered in a significant manner during 2012 and 2013. Benefits already achieved under this thematic area include yielding efficiency savings as well as standardisation across the Rome-based Agencies resulting from the successful tendering activities under the Common Procurement Team. Furthermore, improved focus on streamlined and customer-focused administrative services is provided by the Business Improvement Unit recently established in the Corporate Services, Human Resources and Finance Department. The Records Management Modernization Project has also confirmed the feasibility of achieving the IPA savings target through reduction of registry posts, which have been agreed in principle with the involved departments/offices through natural attrition assisted by agreed terminations.

33. Improvements in management information systems, particularly in the areas of HR and financial reporting have made a wide variety of much improved financial and human resources information available, across the improved telecommunications network, to managers in DOs as well as in HQ.

34. *Culture Change - achievements:* work has continued on the FAO Internal Vision and culture change proposals, and the Staff Day held on 20 April 2010 enabled more than 500 employees to gather together in HQ and be joined by many others from Bangkok, Budapest, Accra, Cairo and Ankara via video-link. The new Culture Change Team has built upon the local change teams within DOs and within departments and divisions in HQ, and Culture Change elements feature prominently in many IPA change activities throughout the Organization. This was evidenced through the increased use of participatory processes for work planning and decision making, larger numbers of facilitated events, greater levels of information and knowledge sharing, and renewed efforts to improve internal communications.

35. Building on the above, a framework for implementing culture change at FAO has been developed starting in January 2011, emphasizing the need for complete alignment with and between all IPA projects; the full engagement of FAO leadership as sponsors of change; and the development of evidence-based indicators designed to measure progress towards the desired new Organizational culture at regular intervals.

36. The target benefit in *Culture Change* comes from creating an enabling, inclusive work environment which allows the Organization to better deliver on its mandate and optimize the talents of its employees[5]. This is an ongoing process with tangible benefits being realized towards the end of the IPA implementation. Evidence that culture change is occurring is

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[5] CL 140/14, para 23.

through the proliferation of local culture change teams, and a significant increase in departmental and cross-departmental knowledge sharing. Through these new mechanisms, employees have opportunities to voice ideas, opinions and influence change in their locality, leading to a more participatory decision-making at various levels and dynamic working environment.

37. *Governance Reform and Oversight – achievements:* On Governance Reform, Regional Conferences have become an integral part of the Governing Bodies of FAO. The Multi-Year Programmes of Work for the Programme Committee, Finance Committee and Council have been adopted.

38. On Oversight, in 2010 Governing Body sessions have considered several evaluation reports, provided with the increased IPA budget available to the Evaluation function. The Office of the Inspector General has started implementing the 2010-11 Risk Based Audit Plan, and the Ethics Officer has initiated her mandate. The Finance Committee and CCLM have reviewed and approved at their March 2011 sessions the Terms of Reference and composition of the Ethics Committee, which were then endorsed by Council in April in 2011[6].

39. The target benefit of *Governance Reform and Oversight* is to provide the strengthened governance framework required by the FAO renewal process in order to be fully successful. The Governance reform will result in a more inclusive, open and trusting system of Member governance and will ensure that the internal governance provides a more effective oversight, including learning and accountability through evaluation, to enhance overall performance and improve management of resources.

40. Benefits have already been achieved under several of the IPA actions affecting this area as a more open and transparent governance process has been achieved through the presence of silent observers at sessions of the Finance and Programme Committees and CCLM.

41. The participation of Regional Conferences and their recommendations now influence decision making on corporate strategic direction. In 2010 the Regional Conferences exercised this new responsibility by providing inputs on prioritization of the technical work of the Organization, the vision on the structure and functioning of DOs, and the proposal for a global Shared Service Centre (SSC).

Organizational Change Management

42. Whilst the above progress is encouraging, the full Management progress report on IPA implementation in 2010-11 (para 68 - 70) describes the mismatch that often occurs between stakeholder expectations of immediate performance improvements resulting from major change initiatives, and the timeframe typically required to move from the early "disruption" stage to the mature stage at which major and lasting benefits can be achieved. Stakeholder confidence in major change programmes can lag as the major initiatives progress, posing a significant risk to the sustainable achievement of tangible benefits.

43. A comprehensive Organizational Change Management process can reduce the adverse performance impact of a major reform, and effective risk management is part of that process. The full Management progress report on IPA implementation in 2010-11 details the work undertaken by Management to address risks raised in the external Risk Assessment (RA) review conducted in 2010 and presented to Members in October 2010. This has been commented in the 2010 Annual Activity Report of the Office of the Inspector General (AUD) submitted to the 138th Session of the Finance Committee. Whilst the risk assessment has signalled "*major gaps in management control over the reform process",* the report of the

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[6] CL 141/REP, para 16.

Inspector General indicates that[7] "*Managers identified, in AUD's views, robust solutions to prevent these threats from materialising*", and concludes that "*Management has responded positively and quickly to the recommendations identified in this report*". The Finance Committee "*welcomed the management response in this regard*"[8].

44. The review considered risks at IPA Programme level in addition to risks within each IPA project. It rated risks in terms of the projected impact should the risk occur, and the likelihood of the risk happening. Risks were color coded from red to green based on a combination of these factors.

45. The RA highlighted risks with internal governance of the IPA programme and the Director-General took immediate steps to establish an IPA Programme Board (IPB) comprising the two Deputy Directors-General and other senior managers, supported by a Programme Management Unit (PMU) and chaired by the Deputy Director-General (Operations). The Board meets on a weekly basis and, in addition to general oversight, has prioritized the 2012/13 programme in terms of the long term sustainability of reform, the quality of projects, financial discipline and alignment with the Organization's capacity to deliver. In addition to the establishment of the IPB, the Director-General has introduced other measures to improve IPA Programme governance effectiveness, which include assigning responsibility for programme management to the newly established PMU and for IPA communications to the Office of Corporate Communications and External Relations.

46. Management has focused on Project risks by concentrating attention on areas indicating the most serious risks to the successful completion of IPA implementation. Highest priority was given to risks in those projects upon which many other projects were dependent, because any failures in these projects would have an adverse "knock-on" impact on many areas of the IPA programme. Following the review of projects indicating high dependency, Management has also reviewed projects with the highest number of red rated risks.

47. The measures introduced by Management at both IPA programme and single project level have resulted in a reduction in the number of risks affecting IPA implementation, and also a decrease in their criticality through a shift from higher to lower rated risks. Annex II of the full Management Report provides detail of risks at a project-by-project level, comparing the number of risks highlighted in the RA report with the number of risks after this review.

48. Effective staff communication is another essential component of Organizational Change Management. During 2010 the Organization has developed a communication programme based on the new results-based management framework for FAO to support employee alignment with a reformed FAO.

49. As reported to the CoC-IEE[9], the programme is divided into three main areas: *(i) Listening to you,* comprising activities designed to understand the changing knowledge, attitudes and readiness for change amongst employees; *(ii) Keeping you informed,* to reach employees with targeted communication, rather than passive information placed on a website; and *(iii) Working together,* to emphasize dialogue and joint problem-solving across the Organization as a mean for lasting organizational change.

50. A major communication activity is the Organization's first all-employee survey on FAO Renewal which was launched by the Director-General on 18 January 2011. It provides internal and external benchmarks for monitoring IPA progress over the coming years, as part of a result-based framework. The survey provider, Hay Group, administered the survey to ensure

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[7] FC 138/17, paras 55-57.

[8] CL 141/9, para 73.

[9] Progress report to the 20 October 2010 meeting of the CoC-IEE, paras 54-56.

independence and complete confidentiality to respondents. It was open to all employees and made available in all FAO languages. The topics covered included employees understanding and support for Renewal and the extent to which employees feel impacted by and are benefiting from Renewal. The survey also assessed employee communication needs during times of change and employee opinions about the organization overall.

51. A very high participation was obtained, with more than 4,700 (or 77%) staff and consultants responding. This represents a good cross-section of the Organization and reflects employees' genuine interest and participation in Renewal.

52. In April 2011, Management received the 'high-level' results and has shared these with employees. The 'high-level' results indicate that FAO is in line with other organizations in both the private and 'not-for profit' sectors though it aspires to become a 'high performing' organization. Significant progress can be seen since the IEE survey in 2006, particularly around Management commitment to reform, and employees have indicated that they see 'evidence of culture change around them' though there is still work to be done.

53. FAO Renewal is part way through and already employees are beginning to be aware of, be impacted by, and see the benefits of, the major IPA actions (see figure 1). The greatest benefits experienced by employees so far are improvements to the IT Infrastructure, the new results based management framework and culture change. However, there is an urgent need to improve communication about FAO Renewal, especially in DOs and preferably through face-to-face interactions, and some employees are unclear what the outcomes of Renewal will be.

Figure 1 – Progress of Renewal
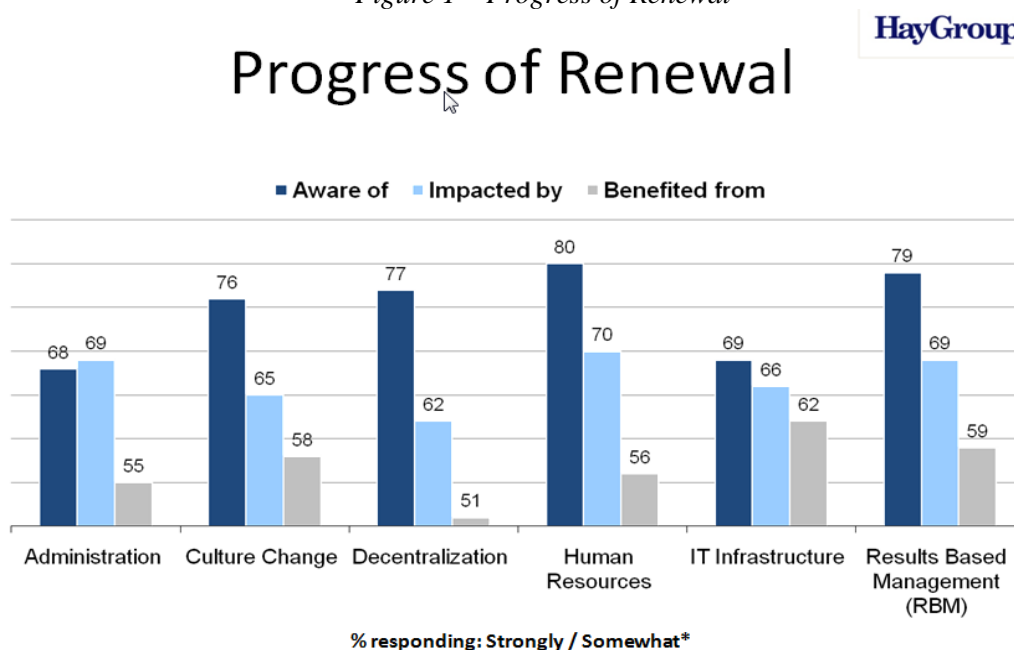
54. Results indicate that 88% of FAO employees "believe the process of Reform in FAO is necessary" and that there is a strong appetite for change, but for more than half of employees the pace of change in FAO is too slow. Also, the results reported that approximately 3 in 4 are positive that renewal will "help FAO deliver better results and service to FAO members" and "help FAO become a better place to work".

55. The results reveal that FAO has healthy levels of engagement and enablement which are in line with external norms. 83% of employees are 'proud to work for FAO' and 73% would 'recommend FAO to others as a place to work'. Employees are well matched to their jobs, with

78% agreeing that their job provides them with interesting and challenging work. However, only 54% agree there are no barriers to them doing their job well.

56. The current phase (May-July 2011) considers the survey results in more detail and aims at identifying and committing to key actions for improvement going forward. Implementation of the actions will then commence with a strong focus on communicating and engaging with employees to deliver desired change. Progress and results will be communicated to employees so that there is a clear 'line of sight' between improvements occurring in the work place and their roots in Management having proactively 'listened to employees'. In future progress reports to the Governing Bodies, Management will provide more details on the survey results and related follow-up measures.

Financial progress

57. Implementation of the IPA in 2010-11 was financed under the budgetary appropriations voted by the Conference for the PWB, as well as the unspent balance from the 2009 IPA Trust Fund carried forward to 2010.[10] As at end December 2010, IPA expenditure totaled USD 19.06 million, comprising funds of USD 15.98 million and Trust Funds of USD 3.08 million. It is anticipated that the net balance of funding available under the budgetary appropriations for 2011 of USD 23.62 million will be fully spent on IPA activities in 2011. As at end first quarter, the 2011 IPA expenditure is on track. The 135th session of the Finance Committee confirmed that all IPA-related funding in 2010-11 will be used exclusively for IPA activities, and unspent 2010-11 IPA funds, if any, would be carried-over into 2012-13.

58. The total proposed 2012-13 IPA programme costs are USD 37.84 million, comprising investment costs of USD 16.61 million and net recurrent costs of USD 21.23 million (consisting of recurrent costs of USD 31.78 million and savings of USD 10.55 million)[11]. The proposed 2012-13 IPA programme is fully detailed in the PWB 2012-13 document[12]. Annex IV of the full Management Report provides a full thematic/project listing of the 2012-13 IPA programme, including those IPA actions for which funding is not requested in 2012-13.

59. Management looks forward to a continuing active and participative partnership with Members as IPA implementation continues, and the IPA is fully integrated into a reformed Organization across 2011 and the 2012-13 biennium.

Challenges on the way forward

60. Section IV- A of the Report describes the main areas of implementation of the 2012-13 IPA programme. In delivering the 2012-13 IPA programme, a number of key challenges remain to be faced and this section describes these by thematic area.

61. *Managing for Results:* the Organization will need to address six significant challenges during 2012-13 in moving toward a culture of managing for results:

   i. help Members to set clear priorities for the technical work of the Organization within a strategy to achieve agreed objectives and results in preparing the MTP 2014-17, based on guidance from the Governing Bodies;

   ii. clarify the contribution of Functional Objective X as a mean of action to achieve the agreed objectives and results through effective collaboration with Members and stakeholders;

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[10] A total of USD 9.0 million in contributions had been received in the IPA Trust Fund as at end 2010, as detailed in Annex III of the full Management Report.

[11] PWB 2012-13 - quoted figures are expressed at 2010-11 cost basis.

[12] C 2011/3 Medium Term Plan 2010-13 (Reviewed) and Programme of Work and Budget 2012-13, Section II.A Implementation of the Immediate Plan of Action.

iii. refine the programme planning and budgeting model to more efficiently allocate resources to the priority areas of work within the agreed objectives and results, moving towards budgeting by objectives;

iv. clarify and enforce accountability for achieving results within the results frameworks (Strategy Teams), organizational structure (managers and staff at all levels) and Members (Governing Bodies and Member States);

v. further integrate the mobilization and allocation of voluntary contributions within the Strategic Framework, working with Members to improve the alignment of voluntary contributions with the Organizational results;

vi. improve the measurement, monitoring and reporting of achievement of results through risk assessment and management, measurable indicators of outcomes, and reports for Management and Governing Bodies.

62. *Functioning as One:* the main challenge relates to the successful implementation of the "Vision for the structure and functioning of Decentralized Offices", which has been debated during 2010 and early months of 2011. Management needs to provide a document on actions to address the gaps, challenges, risks and issues related to decentralization. Members will need to reach a consensus on these actions in order to provide the guidance required by Management to successfully implement the vision.

63. Consensus needs to be reached in determining the optimal scale and scope of the Country Offices network within the multi-tiered structure that FAO utilizes to serve Members and the international community at large. Attention needs to be given in deciding how to ensure an adequate level and allocation of core resources and income to support the DOs network structure, operations and staffing in line with their expanded responsibilities. In this regard, measures will need to be identified to ensure that decentralized technical officers, now under the direct supervision of the Regional Representatives, remain closely linked to their technical colleagues in HQ, as well as to those in other DOs, and are able to draw on the full technical knowledge of the Organization in providing support to projects and programmes, as well as policy advice.

64. The Organization will need to find the appropriate balance on structure, staffing, programmes, operations and funding within the multi-tiered structure required to provide the enabling environment for delivering policy advice and technical services, and mobilizing resources, to address the agreed priority areas of action including those identified in the Country Programming Frameworks. The ultimate challenge relates to ensuring that decentralization does not result in fragmentation of the Organization, creating five "regional FAOs" having divergent approaches and applications of corporate policies; limited mobility of staff among regions; and different methodologies and processes in dealing with Country Offices issues and operations.

65. *Human Resources Reform:* implementation of several of the initiatives within HR reform requires a significant amount of staff resources, time and a major shift in culture and ways of working in order to be effective and accepted across the Organization. Specific challenges faced by HR reform in 2012-13 are linked to the four actions detailed below.

66. On the Junior Professional Programme the main challenge is to ensure that the new cohorts develop transferable skills and knowledge so that they are equipped to work in, and serve the needs of, a modern multidisciplinary Organization. The challenge facing the full integration and implementation of PEMS as regards its use for administrative purposes in 2012 is the delay to the Rewards and Recognition programme, which is on hold pending deliberation at the International Civil Service Commission meeting in July 2011on the same subject.

67.   In order for the <u>mobility scheme</u> to be relevant and benefit the Organization and individual staff members, a well-defined and targeted mandatory geographical mobility scheme is required. This may however result in certain categories of staff being subject to more mandatory mobility, and others not, which may be perceived as inequitable. The new policy will need to be widely communicated and explained to managers and staff members in order to ensure buy-in and cooperation. Within a short timeframe the measurable benefits of mobility will also need to be demonstrated through the identification and monitoring of indicators, while knowing that the true benefits of the scheme will only appear and can only be established on a long-term basis, beyond the two-year period 2012-2013.

68.   Two major challenges that FAO faces in introducing a <u>corporate competency framework</u> are: (i) achieving agreement about the number and definition of competencies and related behavioural indicators in the framework; and (ii) ensuring that competencies are fully integrated across all related HR functions in order that they become an integral component of job design, recruitment, performance management and learning and development. If this fails to happen, the framework may become a redundant tool, which is poorly understood and adds limited value to staff selection and retention processes.

69.   *Reform of administrative and management systems:* the projects in this thematic area are large and complex and as such carry complex risks in their implementation and will absorb a significant part of the remaining effort to be delivered by the Organization. Examples include the IT related initiatives, including the upgrade of IT infrastructure and information systems support to DOs and the design of the management information system and the IPSAS project, in parallel with the upgrade of FAO's Enterprise Resource Planning (ERP) system to Oracle Release 12. However, they are expected to contribute in a significant manner to the achievement of many of the FAO renewal benefits.

70.   In addition to the substantive benefits associated with the above projects, other activities in this area will provide efficiency gains and delivery of one-time and recurrent savings; for example, the procurement related initiatives, the Registry Management project and the travel project.

71.   *Culture Change:* the main challenges are associated with the successful implementation of key aspects of the Culture Change strategy. Specifically, the implementation will need to ensure that:

   - The Framework for Implementing Culture Change is fully subscribed by FAO and Members;
   - CC is fully endorsed by Senior Management and supported by all staff, with visible champions and sponsors at all levels of the Organization;
   - CC is accompanied by changes in organizational procedures and policies sustaining the benefits of changes;
   - CC is evidence-based with results that are objectively measured and monitored through agreed indicators and established targets.
   - Culture Change is fully aligned with, and an integral part of, all FAO renewal / IPA project activities.

72.   *Governance Reform and Oversight:* in the area of Governance Reform consensus could not be reached for actions 2.100 and 4.4, classified under the "others" category in the full Management progress report on IPA implementation in 2010-11. Action 2.100 called for the development, by the CoC-IEE in 2009, of desirable qualifications for the post of Director-General and it could be completed in the next biennium if so decided. Action 4.4 provided for a possible change in the size and representation in Council membership and it is scheduled for further consideration by Conference in June/July 2011.

73.   Excepting actions 2.100 and 4.4 referred to above, the outstanding actions should be completed with no particular difficulties in the prescribed timeframe. Carrying out action 2.74, however, will represent a major effort on the part of both the Membership and Management, as it calls for a comprehensive evaluation of the governance reforms stemming from the IPA, supported by an independent review, to be completed by 2015, with preparatory work undertaken in 2012-13.

74.   In the areas of Oversight, the challenge is for management to effectively respond to, and act on the increasing number and scope of independent evaluations, taking into account the views of the governing bodies.

75.   For all the above projects across all thematic areas work is well under way and is proceeding in accordance with the foreseen implementation schedule. The biggest challenge faced by management is ensuring that these IPA projects are successfully implemented within budget and stipulated timeframes, embedded in the Organization, and deliver the stated benefits.

76.   The work to be undertaken on the six thematic areas reported above will also need to be supported by, and integrated with, Organizational change management processes. Management challenges in this area will relate to continue effective risk management, focusing on achieving the benefits of the FAO renewal and ensuring the provision of targeted communications to Members and employees, all critical aspects to the successful implementation of the IPA.